1996
ANNUAL
REPORT

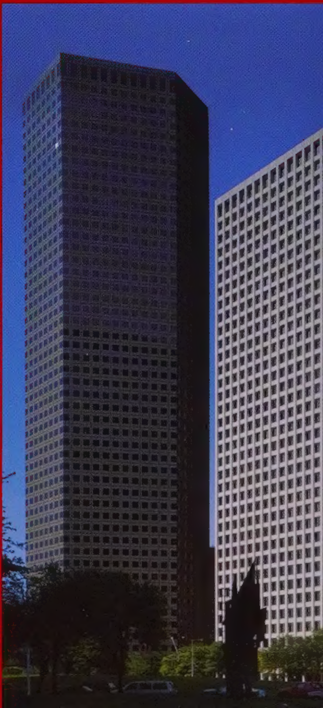
TrizecHahn

TrizecHahn is one of the largest publicly-traded real estate companies in North America. With $6 billion in assets, it is a financially-strong, growth-oriented company with an extensive, high-quality portfolio of landmark office properties in the U.S. and Canada and dominant retail centers in the U.S. TrizecHahn's portfolio comprises 54 million square feet, of which it owns 32 million.

TrizecHahn was created in the fourth quarter of 1996 from the merger of Horsham Corporation, a major Canadian public holding company with substantial financial resources, and Trizec Corporation, a leading real estate company with over 35 years of development and operating experience. The new name reflects the strength of Trizec and its U.S. retail center subsidiary, formerly named The Hahn Company. Prior to the merger, Horsham held a 48% interest in Trizec and played an active role in the company.

TrizecHahn's objective is to realize superior financial performance for its shareholders by maximizing the value of its existing assets and investing in new growth opportunities. The company is now expanding at the global level to participate in exceptional opportunities outside North America.

Allen Center
Houston, Texas
Acquired in November,



Contents

Cover:
The Grace Building
New York, New York
Acquired in February, 1997

1996 Performance Highlights

For the years ended December 31 U.S. $ millions (except per share amounts)	**Pro forma 1996**	Pro forma 1995	Change
Rental Revenue	**$ 597**	541	10%
Rental Income	**339**	306	11%
Cash Flow from Real Estate Operations	**126**	100	26%
Basic, per share	**$ 0.92**	0.74	24%
Net Income	**25**	25	—
Basic, per share	**$ 0.18**	0.18	—

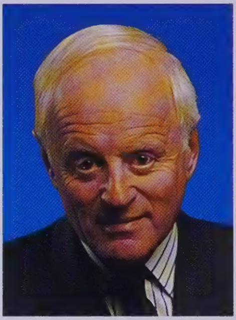
To provide a meaningful year-over-year comparison of TrizecHahn's real estate operations, actual financial results are presented on a pro forma basis as if the merger had occurred at the beginning of the fiscal year. The merger became effective October 31, 1996.

All dollar amounts shown in this report are in U.S. dollars unless otherwise noted.

Park Meadows
Denver, Colorado
Opened in August, 1996

World Apparel Center
New York, New York
Acquired in February, 1997

To our shareholders



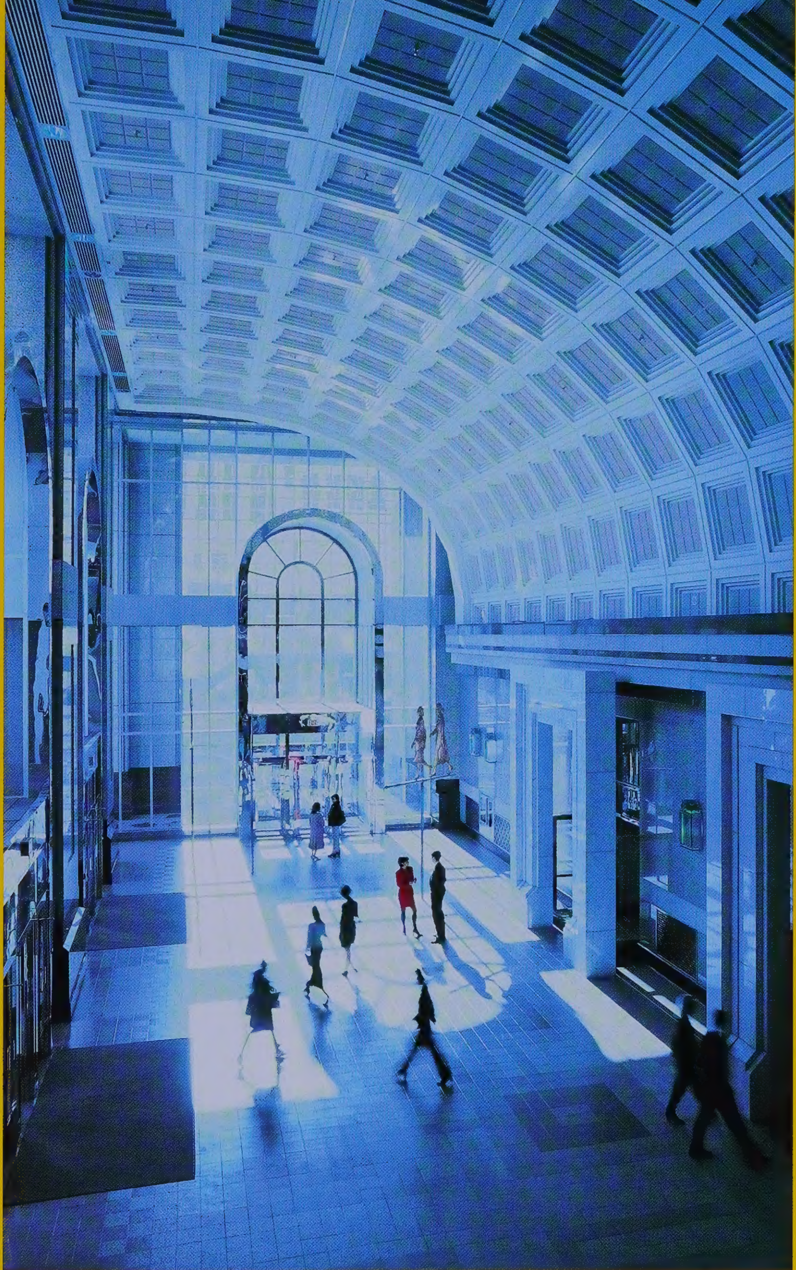
Peter Munk

Gregory C. Wilkins

Our corporate mandate has always been to deliver maximum value to our shareholders. We are proud, therefore, that in 1996, we succeeded in achieving a major step towards our objective by creating TrizecHahn.

Last May, at our annual meeting, we made a commitment to try to deliver the value that we had created in our underlying assets, but remained unrecognized in our share price. Our resulting action created TrizecHahn, a powerful new real estate company with outstanding growth potential. We worked hard to deliver on our promise. And we are gratified that the market recognized our actions.

In 1996, we extended our leadership of the North American real estate industry by acquiring key properties and by improving the performance of our existing assets. We created new growth opportunities and, at the same time, generated significantly stronger results.



BANKERS HALL
Calgary, Alberta

We strive to be the landlord of choice for major North American corporations, providing high-quality office environments in the best locations and value-oriented service that enhance our tenants' operations.

PARK MEADOWS
Denver, Colorado

TrizecHahn is focused on creating distinctive destinations like Park Meadows, our new retail flagship in Denver, Colorado. Our quality customer service, effective operating practices and strong relationships with blue-chip retailers contribute to our success.

As a result of the merger — which transformed a holding company into a growth-oriented real estate company — we are presenting our actual financial results on a pro forma basis. This will provide a meaningful year-over-year comparison. In 1996, pro forma rental income increased 11% to $339 million. Consequently, pro forma cash flow from real estate operations increased 26% to $126 million, 92 cents per share, despite the disposition of $330 million of non-strategic assets.

TrizecHahn enters 1997 with great momentum. We have the people, the financial strength, the assets, the expertise and the global reach to build long-term, profitable growth.

TrizecHahn is now a well-capitalized company with significant financial resources to pursue an aggressive growth strategy. We have over $1 billion in liquid assets to invest in real estate, and we have highly-liquid shares, listed on major stock exchanges. TrizecHahn has an asset base of $6 billion and an equity market capitalization of over $3 billion. We own an outstanding portfolio of high-quality office buildings and retail centers in major North American cities.

TrizecHahn enters 1997 with great momentum. We have a unique growth strategy, and the people and financial strength to execute it. We also have the assets, the expertise and the global reach to achieve long-term, profitable growth. We are in this strong position through foresight, discipline and focus.

In 1994, at a time when real estate was out of favor, we identified the long-term value of this sector for our shareholders. We seized upon the opportunity to take control of Trizec, one of the major forces in the North American real estate industry, and having combined it with our other significant assets, we are now beginning to realize the full potential of these decisions. Having made the commitment to real estate, we then focused on maximizing the value of our assets.

Taking a long-term view, as we have consistently done, we played an active role in re-building Trizec into a pre-eminent real estate company. We strengthened its management, improved the quality of its assets and instilled a more entrepreneurial, owner-driven culture. With the support and initiative of our colleagues across North America, we overcame many challenges, and, more importantly, opened up new areas of future potential.

We continued to capitalize on investment opportunities in the U.S. office sector, gaining a strong presence in New York and reinforcing our position in the Houston market. In 1996, our acquisition of $330 million of high-quality, prominent office

properties contributed to a 14% increase in office rental income to $189 million, on a pro forma basis.

We also significantly improved the operating performance of our retail portfolio, increasing rental income by 8% to $150 million on a pro forma basis. Rental income from our dominant, major market centers, which account for over 80% of our retail assets, increased 20%. We are particularly proud of the outstanding success achieved by our new retail flagship, Park Meadows, which opened in August in Denver, Colorado.

We intend to use our existing strength to make TrizecHahn a global leader by applying our resources to new opportunities in Europe, Southeast Asia and South America.

We are optimistic about the prospects for North America's real estate industry. The recovery of the office sector gained momentum in 1996 as a result of strong demand and limited new supply. We are well positioned to benefit as rental rates continue to increase. In the U.S. retail industry, consumer confidence is improving as a result of low interest rates and continued economic growth. We are expecting to see further increases in rental rates. More importantly, we believe that our focus on high-quality retail properties which are dominant in their respective markets and are destinations in themselves will provide both growing and secure cash flow.

Focus is fundamental to our success. At TrizecHahn, we are focusing both our energies and our financial resources on real estate activities. We will use our holding in Barrick Gold Corporation, the world's second largest gold producer, as a source of financing for our real estate initiatives. Clark USA, in which we hold a 46% interest, is now treated as a discontinued operation since we made the strategic decision to divest our holding in this petroleum marketing and refining company.

TrizecHahn will continue to adhere to conservative financial policies. We will manage our balance sheet prudently and take advantage of favorable financial markets to raise debt and equity.

We will also adhere to our aggressive growth strategy in order to provide increased value to our shareholders. Our long-term growth is directly related to our ability to identify and develop a broad range of compelling new opportunities. We enter 1997 with an abundance of such opportunities.

In 1997, TrizecHahn will continue to pursue investments in the U.S. office industry, capitalizing on our knowledge of the markets, our leasing expertise and the continuing recovery of the North American office sector. We target high-quality assets

We are applying our real estate expertise to expanding consumer markets like Southeast Asia, which offer significant opportunities for long-term, profitable growth.

Airport development is a unique opportunity that offers outstanding long-term potential. Applying our retail and development expertise, our aim is to secure a leading position in this growth industry as it emerges.

to which we can add significant value, and which meet our financial return requirements. In the retail portfolio, we will pursue selective new developments in the U.S. Our focus is on creating distinctive retail and entertainment destinations that offer the potential for sustainable growth.

We intend to use the company's existing strength to make TrizecHahn a global leader by applying our resources to new opportunities in Europe, Southeast Asia, and, in the longer term, South America. Expanding internationally, we will capitalize on our expertise, our financial strength and our network of world-wide contacts. We are also applying our core competencies in new areas of growth. As an example, we established a new entity with an experienced Canadian group for the development and expansion of airports throughout the world.

Our performance-oriented culture continues to drive our growth, generating value for our shareholders into the next century.

In March, 1997, we formalized an important strategic partnership that will accelerate our growth in Europe, joining forces with Dieter Bock, a well regarded European business leader and real estate developer. Dieter Bock will lead our European development program, as well as becoming Vice Chairman, Director and a major shareholder of our company.

Our aim is to create a new paradigm in real estate. Pursuing a focused, highly-disciplined and performance-oriented strategy, we intend to replicate in real estate the success we achieved in another well established industry — gold mining — creating Barrick. With our resources, track record and people, we are confident that TrizecHahn will achieve its growth objectives and, in the process, create growing value for our shareholders.

Peter Munk
Chairman and Chief Executive Officer

Gregory C. Wilkins
President and Chief Operating Officer

Objectives and Strategies

TrizecHahn's mandate is to realize superior financial performance for our shareholders by maximizing the value of our existing assets and investing in new growth opportunities. Last year, we set objectives designed to ensure we achieve our long-term goals and to provide a benchmark against which we measure our performance. Our 1997 objectives reinforce our focus on generating continued growth from our existing properties, investing in superior real estate opportunities and expanding at the global level. Here is how TrizecHahn performed against our 1996 objectives and what we aim for in 1997.

Rental Income

1996 Objective
Increase rental income by improving efficiency and operating performance of our existing properties, exercising sell discipline and through astute acquisitions.

1996 Performance
Increased rental income by 11% to $339 million in 1996 on a pro forma basis (an 18% increase excluding dispositions).

Aggressively realigned our portfolio by 25% to focus on higher growth assets. Acquired 4.3 million square feet of high-quality office space.

1997 Objective
Increase rental income by acquiring high-quality assets in key North American markets. Focus on improving operational performance of existing properties.

Improve efficiency and operations of newly acquired assets.

Financial Position

1996 Objective
Increase the financial resources available for investment in real estate and ensure that we have sufficient resources in place to meet our growth objectives.

Create a more attractive vehicle for real estate investment in the public markets.

1996 Performance
Completed merger which provided real estate operations with a strong balance sheet, robust cash flow and substantial resources for investing in growth. At year-end 1996, we had $1.3 billion in liquid assets for investment in growth opportunities.

Increased our public float to $2.7 billion and became the most actively traded real estate company in North America.

1997 Objective
Provide sufficient financial resources to enable TrizecHahn to pursue an aggressive growth strategy.

Focus on realizing value from non-real estate assets in a prudent and timely manner.

Continue to increase available funds for investment by prudently accessing the public markets. Build a long-term, growth-oriented shareholder base.

People

1996 Objective
Cultivate the full potential of TrizecHahn's human resources, recognizing that our employees are generating value for our shareholders.

Focus on creating a single, unified company with an entrepreneurial, owner-driven culture.

1996 Performance
Integrated our real estate operations into a single, focused enterprise with a new name that recognizes both our office and retail groups.

Made significant progress developing a performance-driven culture in which employees operate with speed and decisiveness.

1997 Objective
Continue to develop our human resources, recognizing that motivated employees will be more committed to achieving TrizecHahn's goal of building shareholder value.

Further align the interests of employees with shareholders through a compensation program that will include broader participation in the stock option program.

office

Office Operations

TrizecHahn owns and manages one of the largest and fastest growing office portfolios in North America. It consists of high-quality properties in the central business districts of major North American cities. We own interests in 38 properties — 21 in the U.S. and 17 in Canada — comprising 26.2 million square feet.

1996 was a successful year for our office group. Through astute acquisitions and aggressive operations, we achieved strong financial performance. In 1996, rental income in our office portfolio increased 14%, to $189 million.

Occupancy in our office portfolio at year-end 1996 was a healthy 86%, despite the fourth-quarter acquisition of Allen Center, with 76% occupancy.

TrizecHahn enjoyed strong leasing performance last year. Our pro-active team leased 3.4 million square feet of office space in 1996, compared to 2.4 million square feet in 1995.

We focus on high-quality, well located assets primarily in the downtown core of major metropolitan markets, which we believe offer potential for long-term growth.

Renaissance Tower
Dallas, Texas

At Renaissance Tower, we demonstrated our expertise by securing two major new tenants that will take occupancy to 90% from 74% when we acquired the property at the end of 1995. We owe this success to our Dallas team, which includes (from left to right) Mike Toon, DeDe Shuman-Willis, Lori Ramani and Don Brown.

THE GRACE BUILDING
New York, New York

ALLEN CENTER
Houston, Texas

These downtown markets offer large blocks of contiguous space and excellent transportation alternatives, and they represent better value for tenants than many suburban markets. In Dallas, Houston and Atlanta, we are seeing companies migrating back to downtown from the suburbs.

Operating Strategies

TrizecHahn is committed to maximizing the value of its existing properties through aggressive leasing, operational improvements, cost efficiencies and superior property management. Our objective is to be the landlord of choice for major North American corporations.

Two years ago, we initiated an aggressive office acquisition program to achieve superior financial returns by capitalizing on opportunities created by the disposition of real estate by major institutions. Our objective is to realize a 20% return on our invested capital. We target under-performing properties in recovering markets, driving financial returns by investing at significant discounts to replacement cost. As these markets recover, we benefit from increased occupancy and rental growth.

In 1996, the North American office market continued to recover, gaining momentum as a result of strong demand. Vacancy in our markets declined because of healthy job growth and the absence of new supply of quality office space. TrizecHahn has dominant positions in several improving markets and has the ability to influence market rental rates.

Houston, which accounts for 23% of our office portfolio's rentable area, had its highest absorption since 1990, driving vacancy to a ten-year low. In the fourth quarter of 1996, Class A rents in Houston increased by 10%. The city, and TrizecHahn, is benefiting from a robust energy sector and the strength of the diversified Texas economy.

Calgary, which accounts for 16% of our portfolio, is one of the most dynamic real estate markets in North America. Vacancy is under 10% and net rental rates have increased over 25% in the past two years. Calgary's low tax rates and attractive lifestyle, combined with a healthy Alberta economy, provide an environment for further improvement in rental rates. In Montreal, where we are the dominant downtown landlord, we are seeing modest rent growth in Class A space and our portfolio is over 90% occupied.

Our Dallas team leased new space in Renaissance Tower that will take occupancy to 90% from 74% when we acquired the property in 1995. Two major new tenants – Transamerica and Blockbuster Entertainment – represent the largest corporate re-locations to Dallas in ten years.

We further strengthened our operating efficiencies last year by reducing energy costs, aggressively appealing property tax assessments and maintaining a strict focus on staffing levels. We also formed a task force to lower costs through volume purchases and national contracts for elevators, security, ceiling components and other capital costs.

Growing Through Acquisitions

In 1996, we continued to pursue our office acquisition strategy, investing in dominant assets that offer excellent growth potential.

TrizecHahn invested $330 million in office properties in U.S. markets with strong underlying fundamentals, adding 4.3 million square feet to its portfolio. We are continuing to focus on our strategy of buying high-quality properties in the downtown core of major cities. Since initiating this program in 1995, we have invested over $750 million, acquiring over 11 million square feet of premier office space.

In February, 1997, we acquired a 49.9% managing interest in three New York office buildings — including The Grace Building (1.4 million square feet) and the World Apparel Center (1.1 million square feet). Located in the heart of Midtown Manhattan, our New York portfolio is an attractive investment with excellent growth potential. Average rents in the portfolio are below market, offering the opportunity to increase rents and drive cash flow as leases expire and as existing tenants expand.

The Midtown Manhattan market is strengthening, as vacancy for Class A office space dropped below 10% for the first time in 10 years, to almost 7%. Class A absorption in 1996 was 3.2 million square feet, compared to 200,000 square feet in 1995. Rental rates increased last year and are expected to rise further as the market continues to tighten. The Bryant Park and Times Square redevelopments have and will continue to have a positive impact on the Midtown Manhattan market.

As a further example of our commitment to building market dominance in key cities, we purchased Allen Center, a prominent 3.2 million square foot office complex in downtown Houston. This acquisition made us the city's largest landlord with over 6 million square feet of high-quality office space. We will capitalize on this position by providing growing tenants

BANKERS HALL
Calgary, Alberta

Bankers Hall is Calgary's most prestigious office tower with 98% occupancy. It also features, in an outstanding 4-level atrium, the city's premier fashion retailers. Targeted marketing increased sales growth to 10% annually over the past 3 years. The expertise of James Midwinter (left), Marie Cechvala and Scott Taylor contributed to these results.

more alternatives and building a commanding influence on the market. Allen Center was 76% leased when acquired, offering growth potential through aggressive leasing to increase occupancy.

In 1996, we expanded and strengthened our portfolio with the purchase of Colony Square in Atlanta, Georgia, and 1441 Main Street in Columbia, South Carolina. These two assets give us a new presence in the Southeast, one of the fastest growing regions in the U.S. Both properties offer the opportunity to participate in an improving market through increased occupancy and rental rates.

We also improved the quality of our portfolio by disposing of five office buildings, all of which were non-strategic properties with limited growth potential.

With $1.3 billion in liquid assets, we have purchasing power of $3 to $4 billion, assuming prudent leverage. With a superior track record of office acquisitions, we have high expectations for 1997. We will increase our investments in new assets and broaden our scope to include the pursuit of major portfolio and corporate acquisitions. Given the increasing level of office dispositions by institutional owners, we believe the opportunities that meet our financial criteria will be abundant in 1997.

retail centers

Retail Center Operations

Our retail center group, TrizecHahn Centers (formerly named The Hahn Company), is the largest regional shopping center owner, developer and manager on the West Coast and one of the largest in the U.S. We focus on premier regional retail centers in major metropolitan markets. We have interests in 28 U.S. retail centers comprising 25.3 million square feet in 10 states. California accounts for 63% of the portfolio.

TrizecHahn achieved stronger financial results in 1996 by significantly improving the performance of its existing retail centers. We also enjoyed a strong contribution from Park Meadows, our successful new flagship center in Denver, Colorado.

In 1996, rental income from our major market properties increased 20%, to $122 million. Our major market centers — dominant, fashion-oriented centers in major metropolitan markets — account for over 80% of our retail portfolio.

Rental income in TrizecHahn's entire retail portfolio increased 8% to $150 million, despite the disposition of over 5.6 million square feet of non-strategic properties.

Last year, rental rates in TrizecHahn's major market centers increased 25%, or $7 per square foot, and now average almost $35 per square foot.

Park Meadows
Denver, Colorado

Park Meadows' tremendous success demonstrates our strength in creating and managing high-performance retail destinations. Pam Schenck, general manager, and her leasing team, Val Hutcheson (left) and Monica Foley (right), are key to our success.

Bridgewater Commons
Bridgewater, New Jersey

Horton Plaza
San Diego, California

Occupancy in our major market centers was 87% at year-end 1996. Including temporary tenants, which we believe will continue to be a durable source of cash flow for TrizecHahn, occupancy was 92%.

In 1996, we improved the quality of our portfolio by investing in major market centers with strong growth potential and disposing of non-strategic assets. This contributed to a healthy increase in our retailers' sales. In our entire portfolio, sales increased 12% to $331 per square foot in 1996. Sales from our major market centers increased 9% to $364 per square foot.

Last year, we undertook a major strategic initiative to further strengthen our portfolio. We sharpened our focus on dominant, fashion-oriented major market centers. In today's mature retailing environment, we believe these distinctive, high-quality centers that cater to affluent customers offer the greatest potential for sustainable growth. In 1996, our major market properties contributed 81% to the portfolio's total rental income, compared to 72% in 1995. Our mid-market centers, located in smaller communities and oriented towards middle-income customers, contributed the balance.

A prime example of our major market centers is Bridgewater Commons. Located south of New York, it is the dominant center in an affluent market and achieved sales per square foot of $514, ranking it in the top ten of all U.S. retail centers.

The stellar performance of Park Meadows, our new retail center that opened in Denver, Colorado, at the end of August, 1996, demonstrates the strength of unique, vibrant retail destinations. Park Meadows' achievements exceeded the most optimistic expectations. Over 93% leased at opening and with annualized sales per square foot over $400, Park Meadows' outstanding results reflect our strength at creating value and growth.

Our 1996 growth also reflects strategic investments in other key properties and the strength of the California market, which continues to benefit from growth in the entertainment and technology industries. Valley Fair, our regional center in the heart of Silicon Valley, benefited from the robust growth of that economy and achieved sales per square foot of $558.

Last year, we made strong progress realigning our retail portfolio to emphasize quality, dominance and growth, disposing of 9 non-strategic assets. We will continue to realign our portfolio to maximize its value.

Operating Strategies

In 1996, TrizecHahn implemented a major strategic initiative aimed at increasing rental income and re-focusing employees on the bottom line.

In 1996, we developed and implemented a new specialty leasing program to drive rental income. It helped increase our centers' overall sales by licensing mall floor space, as well as by leasing vacant space in anticipation of new tenants. This program more than doubled the contribution to revenues from specialty leasing. With minimal capital investment, it generated more than $7 million in additional revenue.

Another successful innovation is our Daily Sales Program. Implemented at the end of 1996, it is an effective management tool that enhances our ability to improve our centers' performance. By providing current sales information, it enables us to track trends by center, region and merchandise category. We can redirect marketing programs where necessary to improve sales and drive rents. TrizecHahn is the only U.S. shopping center company with such a program in place throughout its entire portfolio.

TrizecHahn also strengthened its marketing strategies in 1996 with a renewed emphasis on generating increased sales. Rather than using marketing simply to build image and promote the centers, we are applying it aggressively to drive sales and, in turn, increase rents and value. With our Daily Sales Program tracking performance, we also added a new level of accountability to our business, creating a competitive advantage.

TrizecHahn also strengthened its tenant mix in 1996, ensuring our properties offer the strongest, most successful retailers, restaurants and entertainment uses. We proactively manage our tenant mix, replacing weaker stores with more successful ones.

Many of the most dynamic retailers in the U.S., such as Eddie Bauer, Banana Republic, Crate & Barrel, Williams Sonoma and Restoration Hardware, are well represented in our portfolio. Our portfolio is also anchored by several of the strongest U.S. department store chains, including Nordstrom, May and Federated. These are key elements in our ability to attract customers and generate value.

Growing Through Development

In 1996, we made a major commitment to building distinctive retail destinations that exceed our customers' expectations and achieve strong results.

Park Meadows is the paradigm for our new development program. With its distinctive architecture and strong collection of retailers, Park Meadows will attract more customers, extend the length of their stay, increase their spending and generate even greater value. Even in mature markets, people want to go to "great places" like Park Meadows. For the same reasons, Horton Plaza, our unique retail and entertainment destination in San Diego, continues to be one of the most successful retail centers in the U.S.

In 1997, subject to meeting our required financial returns, TrizecHahn intends to start construction on four new centers. Total project costs are estimated to be $550 million, funded

Valley Fair
San Jose, California
We capitalized on the marketing and management expertise of employees like Jennifer Mares (left) and Scott Abbey to achieve outstanding sales per square foot of $558 at Valley Fair, Silicon Valley's dominant fashion center.

partly through construction financing and contributions from joint-venture partners.

In Denver, our plans include Denver West, a 1.3 million square foot regional center that will combine a wide array of outdoors and lifestyle retailers at the gateway to the Rocky Mountains. With its location, commitments from some of the country's leading department store chains, and ready access to 6 million tourists each year, Denver West represents an attractive growth opportunity.

In Nevada, just 36 miles from Las Vegas, Fashion Outlet of Las Vegas will be a 400,000 square foot outlet center offering a unique collection of some of the most upscale fashion retailers in the U.S., including Barney's, Donna Karan, Liz Claiborne and Neiman Marcus to the 33 million people who visit Las Vegas each year.

In the heart of Las Vegas, we are developing a 453,000 square foot specialty retail center based on the theme of The Tales of the Arabian Nights as part of the $600 million redevelopment of the Aladdin Hotel. Located on one of the premier corners of the Las Vegas Strip, The Aladdin will provide an exciting mixed-use environment.

In Dallas, we are planning to transform Prestonwood Town Center into a unique retail and entertainment destination, anchored by Neiman Marcus, Dillard's, a 24-screen AMC cinema complex, Dallas' only Virgin Records megastore, world-class restaurants and a collection of major retail pavilions. Our prime location in this affluent and growing north Dallas suburb provides an ideal opportunity to introduce a new model for retailing.

TrizecHahn has a long history of identifying new opportunities and converting those opportunities into reality. Our development team is focused on generating exciting new growth opportunities and excellent financial returns. At the same time, we remain focused on maximizing the performance of our existing retail centers.

new frontiers

International and Airport Development

We are committed to building long-term, profitable growth by maximizing the value of our existing assets and identifying new opportunities internationally. We are also applying our core competencies in new areas to drive growth.

Our long-term strategy is performance-oriented, risk averse and focused. We will capitalize on our competitive advantages — financial strength, real estate expertise and business relationships — to produce high returns commensurate with market and project risk. We will invest capital cautiously, minimizing equity at risk.

Initiatives begun over the past 12 months provide a strong platform for growth. Our program is focused on Europe and Southeast Asia, and, in the longer term, South America.

Polus Center
Budapest, Hungary

We join forces with knowledgeable local partners like Sandor Demjan (right), shown here with Brian Jenkins, one of our experienced retail specialists, to capitalize on significant new opportunities in expanding markets. We assisted with the successful development of Polus Center, Central Europe's largest suburban retail center.

TrizecHahn is taking a multi-faceted approach as we expand our frontiers, building a network of joint ventures, making strategic acquisitions and pursuing selective new development projects. We will capitalize on our extensive worldwide contacts, including the international experience of our Board of Directors.

Europe

In March, 1997, we significantly enhanced our international program by joining forces with Dieter Bock, a prominent European real estate owner and developer, to expand the company's presence in Europe. Dieter Bock becomes President of TrizecHahn Europe, providing strong leadership and management to our European initiatives.

As part of our strategic partnership, we acquired a number of development projects in the UK and Germany, including Number 1 Poultry, a landmark mixed-use development in the heart of the City of London, England. Designed by the late Sir James Stirling, a prominent British architect, it is a distinctive modernist building comprising 140,000 square feet. It will be completed in 1997.

TrizecHahn's existing European operations will be merged with its new German and UK development projects under the leadership of Dieter Bock. He brings to TrizecHahn a highly-skilled management and development team, which has a strong track record in developing large and successful projects in key European markets.

In Europe, we now have assets in various stages of development in England, Germany and Hungary. We are also pursuing new opportunities in the Czech Republic, Slovakia, Poland and the former East Germany, focusing on mixed-use developments with a retail and entertainment orientation.

In September 1996, we formed TriGránit Development, a joint venture with Polus Investments, a successful Hungarian real estate company, to pursue the development of retail centers and mixed-used projects in Central Europe. Polus is controlled by Sandor Demjan, an entrepreneur with a proven track record, strong local market knowledge and extensive contacts. With our assistance, Polus Investments developed the largest suburban shopping center in Central Europe, Polus Center, which opened in Budapest, Hungary, in November, 1996.

Polus Center is a 465,000 square foot retail and entertainment center with seven anchor tenants, 145 specialty stores and over 35 food outlets. It was completed in 11 months and 100% leased on its opening day. It has achieved strong results.

Ludwigsfelde, Germany

By building partnerships with local governments, we created a unique development opportunity in Germany. TrizecHahn's Philip Jones (left) with Heinrich Scholl, Mayor of Ludwigsfelde.

Both international and local retailers have expressed a commitment to occupy further shopping centers that we develop in the region.

TriGránit Development has now secured the right to develop a mixed-use project on the site of Budapest's historic west-end train station. Situated in the heart of Budapest, the West End City Center development will be a multi-level center featuring retail, cultural, entertainment and office elements. Construction is expected to begin in 1997.

TrizecHahn is also developing Germany's first factory outlet as part of a major revitalization of the town center of Ludwigsfelde, near our existing Brandenburg Park development. When fully completed, Outlet Shops at Ludwigsfelde will be a 150,000 square foot retail development with construction expected to begin in 1998.

Brandenburg Park, started in 1990, initiated what is now TrizecHahn's expanded growth strategy for Europe. A fully-integrated, 600-acre business facility, Brandenburg Park is located south of Berlin in the former East Germany. One of Europe's largest and most successful business parks, it is an established, well-managed development occupied by 39 companies employing about 1,000 people. Over 75% of the first phase has been sold. Coca-Cola and Ford will occupy a significant portion of the final phase, which is now being completed.

Asia Pacific

In September, 1996, TrizecHahn Asia-Pacific was established in Hong Kong to identify and develop real estate opportunities in Southeast Asia. Our focus is on Taiwan, the Philippines, Thailand and Indonesia – markets with large, expanding populations and growing consumer wealth. We are seeking high-growth projects with local partners in which we can apply our development and property management expertise.

In December, 1996, we formed a joint venture with Breeze Development Co. Ltd. of Taiwan to provide our North American retailing expertise in the development of shopping centers. Breeze is a major manufacturing and trading company with more than twenty years standing in Taiwan.

Breeze Shopping Center will be a 390,000 square foot retail and entertainment center in the heart of Taipei's shopping district. It will be the first American-style shopping center in Taiwan, an expanding market with tremendous potential. Until recently, the development of large retail centers was prohibited in the country.

In October, 1996, we signed a memorandum of understanding for the joint development of a retail center in Fort Bonifacio, a major, world class development located near Makati, the central business district of Manila, The Philippines. Fort Bonifacio is a redevelopment of a former military base covering almost 500 acres.

Airport Development

In February, 1997, we formed a joint venture with Airport Development Corporation (ADC), a Toronto-based company which successfully developed Trillium Terminal 3 at Toronto's Pearson International Airport — the first privatization project of its kind in North America. ADC will also begin construction of a new terminal at Ferihegy Airport in Budapest, Hungary, in 1997.

Airport privatization is becoming a global trend with fifty countries having announced plans to privatize commercial airports. Industry forecasts estimate that worldwide air passenger traffic will grow 5% annually over the next ten years and that up to US$400 billion will be invested to develop efficient, high-quality airport facilities. Together with the proven expertise of ADC, we will capitalize on our core competencies in the development and management of retail property in this new class of commercial real estate, which we believe offers significant long-term growth potential.

ADC//TrizecHahn will take advantage of the significant global opportunities created by the increasing trend to airport privatization, the continued strong growth in air passenger traffic and the need for high-quality airport facilities. Our goal is to secure a leading position in the world airport development industry as it emerges.

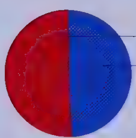

Calgary
Montreal
Los Angeles
San Diego
Dallas
Houston
New
Office Properties
Major Market Retail Centers
Mid-Market Retail Centers

North American Property Portfolio

1996 Overview — Combined Portfolio

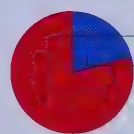
Gross Leasable Area

Distribution: Office / Retail Centers



	Total Properties	Sq. Ft. Millions	%
Office	38	26.2	51
Retail Centers	28	25.3	49
Total	**66**	**51.5**	**100**

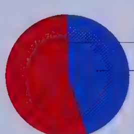
Distribution: North America



	Total Properties	Sq. Ft. Millions	%
U.S.	49	40.7	79
Canada	17	10.8	21
Total	**66**	**51.5**	**100**

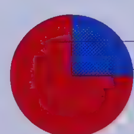
Net Book Value

Distribution: Office / Retail Centers



	$ millions	%
Office	$ 1,874	55
Retail Centers	1,562	45
Total	**3,436**	**100**

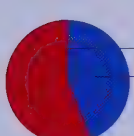
Distribution: North America



	$ millions	%
U.S.	2,575	75
Canada	861	25
Total	**3,436**	**100**

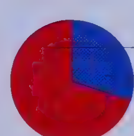
Rental Income

Distribution: Office / Retail Centers



	$ millions	%
Office	$ 189	56
Retail Centers	150	44
Total	**339**	**100**

Distribution: North America



	$ millions	%
U.S.	238	70
Canada	101	30
Total	**339**	**100**

1996 Overview – Office Properties

Geographic Distribution

	Number of Properties	Sq. ft. millions
Central / Southwest U.S.	8	8.5
Eastern U.S.	8	5.5
California	5	1.3
Total U.S.	21	15.3
Western Canada	10	6.7
Eastern Canada	7	4.2
Total Canada	17	10.9
Total	**38**	**26.2**

Operating Highlights[1]

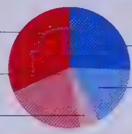
$ millions except as noted	U.S.	Canada	Total
Net book value[2]	1,013	861	1,874
Net book value (per sq. ft.)[2]	$ 74	$ 95	$ 82
Rental revenue (pro forma)	171	183	354
Rental income (pro forma)	88	101	189
Operating margin	51%	55%	53%

Leasing Highlights[1]

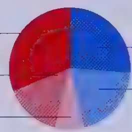
Sq. ft. thousands except as noted	U.S.	Canada	Total
Occupancy	82%	92%	86%
New leasing and renewals[3]	2,269	1,160	3,429
Lease expires[3]	2,622	1,181	3,803
Net leasing[3]	(353)	(21)	(374)
Tenant installation costs ($ millions)	26	14	40
Tenant installation costs (per sq. ft.)	$13	$13	$13

(1) For the 12 months ended December 31, 1996.
(2) At December 31, 1996.
(3) Represents 100% of portfolio, not TrizecHahn's proportionate share.

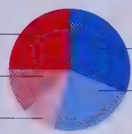
Gross Leasable Area



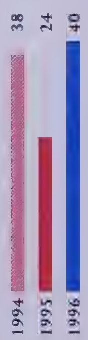
Net Book Value



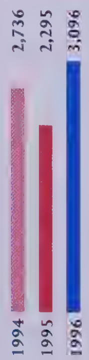
Rental Income



Tenant Installation Costs ($ millions)[1]



Total Leasing (Sq. ft. thousands)[1]



Tenant Installation Costs (per sq. ft.)[1]

(1) TrizecHahn's proportionate share.

1996 Overview – Retail Centers

Geographic Distribution

	Number of Properties	Sq. ft. millions
Major Market		
California	14	14.1
Central / Southwest U.S.	4	3.9
Eastern U.S.	2	1.8
Pacific Northwest	—	—
Total	20	19.8
Mid-Market		
California	3	2.0
Central / Southwest U.S.	2	1.4
Eastern U.S.	1	0.8
Pacific Northwest	2	1.3
Total	8	5.5
Total Retail Centers		
California	17	16.1
Central / Southwest U.S.	6	5.3
Eastern U.S.	3	2.6
Pacific Northwest	2	1.3
Total	**28**	**25.3**

Operating Highlights[1]

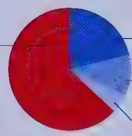
$ millions except as noted	Major Market	Mid-Market	Total
Net book value[2]	1,435	127	1,562
Net book value (per sq. ft.)[2]	$ 256	$ 55	$ 198
Rental revenue (pro forma)	189	54	243
Rental income (pro forma)	122	28	150
Operating margin	64%	52%	62%
Tenant sales (per sq. ft.)	$ 364	$ 216	$ 331

Leasing Highlights[1]

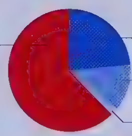
Sq. ft. thousands except as noted	Major Market	Mid-Market	Total
Occupancy (excluding temporary tenants)	87%	75%	85%
New leasing and renewals[3]	644	266	910
Lease expires[3]	896	433	1,329
Net leasing[3]	(252)	(167)	(419)
Tenant installation costs ($ millions)	6	2	8
Tenant installation costs (per sq. ft.)	$16	$10	$14

(1) For the 12 months ended December 31, 1996.
(2) At December 31, 1996.
(3) Represents 100% of portfolio, not TrizecHahn's proportionate share.

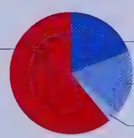
Gross Leasable Area



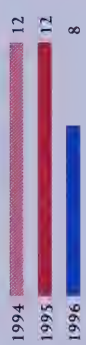
Net Book Value



Rental Income

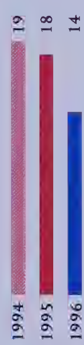


Tenant Installation Costs ($ millions)[1]



Total Leasing (Sq. ft. thousands)[1]

Tenant Installation Costs (per sq. ft.)[1]



(1) TrizecHahn's proportionate share.

Office Properties

United States

Name (Ownership %)[1]	Location	Year of completion/ renovation	Number of stories	Total leasable area sq. ft.	Office area sq. ft.	Retail area sq. ft.	Occupancy at Dec.31 1996[2]
Central/Southwest U.S.							
Allen Center	Houston, Texas	1972/78/80/95	34/36/50	3,176,000	3,112,000	64,000	78%
Cullen Center	Houston, Texas						
1600 Smith		1984	55	1,108,000	1,108,000		96%
M.W. Kellogg Tower (50%)		1978	40	1,035,000	1,035,000		78%
600 Jefferson		1971	20	420,000	420,000		57%
500 Jefferson		1962/83	20	373,000	373,000		100%
Renaissance Tower	Dallas, Texas	1974/92	56	1,731,000	1,678,000	53,000	74%
McKinney Place	Dallas, Texas	1985	14	141,000	141,000		95%
Two Pershing Square	Kansas City, Missouri	1986	11	511,000	511,000		92%
Eastern U.S.							
Gateway Center	Pittsburgh, Pennsylvania	1952/60	24/22/20	1,450,000	1,397,000	53,000	78%
Northstar Center	Minneapolis, Minnesota	1916/62/86	17/13	813,000	745,000	68,000	92%
Colony Square	Atlanta, Georgia	1970/73/95	22/24	820,000	679,000	141,000	85%
First Stamford Place[3]	Stamford, Connecticut	1984/86/87	7/4/7	779,000	764,000	15,000	83%
Fisher Building	Detroit, Michigan	1928	28	635,000	543,000	92,000	76%
New Center One (67%)	Detroit, Michigan	1983	8	496,000	409,000	87,000	98%
Albert Kahn Building	Detroit, Michigan	1931	11	270,000	268,000	2,000	85%
1441 Main Street	Columbia, South Carolina	1988	14	261,000	261,000		81%
California							
Marina Towers (50%)	Los Angeles	1971/76	13	367,000	367,000		95%
9800 La Cienega	Los Angeles	1985	14	334,000	334,000		67%
Encino Gateway	Los Angeles	1978	20	334,000	334,000		87%
Valley Center	Los Angeles	1970	18	200,000	200,000		88%
Warner Center	Los Angeles	1980	4	104,000	104,000		100%
Total – United States	(21 properties)			15,358,000	14,783,000	575,000	82%

Canada

Name (Ownership %)[1]	Location	Year of completion/ renovation	Number of stories	Total leasable area sq. ft.	Office area sq. ft.	Retail area sq. ft.	Occupancy at Dec. 31 1996[2]
Western Canada							
Bankers Hall	Calgary, Alberta	1989	50	1,117,000	860,000	257,000	98%
Western Canadian Place (50%)	Calgary, Alberta	1983	42/32	1,120,000	1,120,000		100%
Calgary Place	Calgary, Alberta	1970	31/25	611,000	611,000		93%
Scotia Centre (50%)	Calgary, Alberta	1977	40	595,000	500,000	95,000	81%
Fifth & Fifth	Calgary, Alberta	1980	32	489,000	489,000		94%
Royal Bank Building	Calgary, Alberta	1970/91	22	331,000	331,000		99%
Canada Place[3]	Edmonton, Alberta	1988	17	844,000	763,000	81,000	100%
CN Tower	Edmonton, Alberta	1966	26	285,000	285,000		88%
Winnipeg Square	Winnipeg, Manitoba	1983	31	621,000	556,000	65,000	99%
Royal Centre	Vancouver, British Columbia	1974	39	608,000	458,000	150,000	87%
Eastern Canada							
Place Ville Marie	Montreal, Quebec	1962/91	42/17/6	2,673,000	2,512,000	161,000	90%
2020 University	Montreal, Quebec	1975	25	453,000	376,000	77,000	92%
360 Saint-Jacques	Montreal, Quebec	1928	23	316,000	312,000	4,000	73%
500 René-Lévesque[4]	Montreal, Quebec	1985	26	294,000	292,000	2,000	92%
Place Québec[5]	Quebec City, Quebec	1973/74	8	241,000	153,000	88,000	84%
180 Wellington	Toronto, Ontario	1971	13	210,000	210,000		100%
347 Bay Street (50%)	Toronto, Ontario	1924	12	61,000	56,000	5,000	90%
Total – Canada	(17 properties)			10,869,000	9,884,000	985,000	92%
Total – Office	(38 properties)			26,227,000	24,667,000	1,560,000	86%
Recent Acquisitions[6]							
The Grace Building (50%)	New York, New York	1971	50	1,438,000	1,438,000		99%
World Apparel Center (50%)	New York, New York	1970	41	1,079,000	1,079,000		97%
1460 Broadway (50%)	New York, New York	1951	17	190,000	190,000		80%

Notes to Office Properties

(1) The economic interest of TrizecHahn's owning entity is 100% unless otherwise noted.

(2) Occupancy reflects tenants in-place, excluding commitments.

(3) TrizecHahn manages these properties on a performance basis. As a result of the effective sale of Canada Place to the principal tenant, who is also the ground lessor, TrizecHahn retained an economic interest in only the residual, non-tenant owned space. TrizecHahn has an economic interest in First Stamford Place and participates in refinancing or sales proceeds. Accordingly, these properties are excluded from operating statistics other than aggregate square footage calculations.

(4) Excludes Hydro-Québec's condominium ownership of 190,000 square feet.

(5) Excludes the Government of Quebec's condominium ownership of 51,000 square feet.

(6) These properties were acquired on February 24, 1997 and are therefore excluded from the 1996 portfolio information.

TrizecHahn manages all of these properties except for 180 Wellington and 347 Bay Street.

TrizecHahn owns 7 sites totaling 43 acres held for potential office development or sale.

Retail Centers

Major Market

Name (Ownership %)[1]	Location	Year of completion/renovation	Major/anchor stores	Total area sq. ft.[2]	Mall store area sq. ft.	Occupancy at Dec. 31 1996[3]
California						
Downtown Plaza (50%)[4]	Sacramento	1971/93	Macy's (2)	1,199,000	695,000	83%
Fox Hills Mall (94%)	Culver City	1975/88	Macy's, JCPenney, Robinson's-May	888,000	337,000	78%
Horton Plaza	San Diego	1985/95	Macy's, Mervyn's, Nordstrom	864,000	503,000	95%
Los Cerritos Center (50%)	Cerritos	1971/95	Macy's, Mervyn's, Nordstrom, Robinson's-May, Sears	1,301,000	499,000	80%
North County Fair (55%)	Escondido	1986	Macy's, Nordstrom, JCPenney, Robinson's-May (2), Sears	1,257,000	377,000	80%
Oakridge Mall (50%)	San Jose	1973/95	Macy's, Montgomery Ward, Sears	796,000	328,000	91%
Palm Desert Town Center[5]	Palm Desert	1983	Macy's (2), JCPenney, Robinson's-May (2)	868,000	374,000	91%
Parkway Plaza	El Cajon	1972/90	Mervyn's, JCPenney, Robinson's-May, Sears	1,072,000	468,000	85%
Santa Anita Fashion Park (40%)	Arcadia	1974/94	Macy's, Nordstrom, JCPenney, Robinson's-May	1,101,000	396,000	85%
Solano Mall	Fairfield	1981/85	Macy's (2), Mervyn's, JCPenney, Sears	1,034,000	353,000	78%
The Oaks[5]	Thousand Oaks	1978/94	Macy's (2), JCPenney, Robinson's-May (2)	1,084,000	358,000	93%
The Village at Corte Madera (40%)	Corte Madera	1985	Macy's, Nordstrom	428,000	210,000	92%
University Towne Centre (74%)	San Diego	1977/84	Macy's, Nordstrom, Robinson's-May, Sears	1,035,000	440,000	96%
Valley Fair (50%)	San Jose/ Santa Clara	1986	Macy's (2), Nordstrom	1,138,000	469,000	95%
Central/Southwest U.S.						
Fashion Place Mall (95%)	Salt Lake City, Utah	1972/88	Dillard's, Nordstrom, Sears	948,000	382,000	96%
The Fashion Show Mall (25%)	Las Vegas, Nevada	1981/95	Dillard's, Macy's, Neiman-Marcus, Robinson's-May, Saks Fifth Avenue	840,000	308,000	100%
Park Meadows	Littleton, Colorado	1996	Dillard's, Nordstrom[6]	1,051,000	576,000	89%
Prestonwood Town Center[7]	Dallas, Texas	1979/89	Dillard's, Lord & Taylor, Mervyn's, Neiman-Marcus, JCPenney	1,091,000	403,000	66%
Eastern U.S.						
Bridgewater Commons (50%)	Bridgewater, New Jersey	1988	Lord & Taylor, Macy's, Stern's	884,000	381,000	99%
Towson Town Center (33%)	Baltimore, Maryland	1959/92	Hecht's, Nordstrom	958,000	539,000	88%
Total – Major Market	(20 properties)			19,837,000	8,396,000	87%

Mid-Market

Name (Ownership %)[1]	Location	Year of completion/ renovation	Major/anchor stores	Total area sq. ft.[2]	Mall store area sq. ft.	Occupancy at Dec.31 1996[3]
California						
Plaza Pasadena (48%)	Pasadena	1980	Macy's Outlet, JCPenney	569,000	278,000	58%
Santa Maria Town Center (46%)	Santa Maria	1976/90	Gottschalk's, Robinson's-May, Sears	609,000	268,000	68%
Sunnyvale Town Center (50%)	Sunnyvale	1979/92	Macy's, Montgomery Ward, JCPenney	712,000	283,000	70%
Central/Southwest U.S.						
Pueblo Mall (75%)	Pueblo, Colorado	1976/79	Joslins, Mervyn's, Montgomery Ward, JCPenney	575,000	192,000	89%
Westdale Mall (21%)	Cedar Rapids, Iowa	1979	Montgomery Ward, JCPenney, Von Maur, Younkers	854,000	383,000	85%
Eastern U.S.						
Clearwater Mall	Clearwater, Florida	1972/89	Burdine's, Dillard's, Gayfers, Montgomery Ward	844,000	298,000	78%
Pacific Northwest U.S.						
Capital Mall (50%)	Olympia, Washington	1978	The Bon Marché, Lamonts, Mervyn's, JCPenney	602,000	239,000	78%
Sea Tac Mall (71%)	Seattle, Washington	1975	The Bon Marché, Lamonts, Mervyn's, Sears	737,000	276,000	75%
Total – Mid-Market	(8 properties)			5,502,000	2,217,000	75%
Total – Retail Centers	(28 properties)			25,339,000	10,613,000	85%

Notes to Retail Centers

(1) The economic interest of TrizecHahn's owning entity is 100% unless otherwise stated.

(2) Includes area owned directly by major/anchor stores.

(3) Occupancy reflects tenants in-place, excluding commitments and temporary tenants.

(4) Includes 286,033 square feet of office and mixed-use space.

(5) TrizecHahn manages these properties on a performance basis. Ownership interest is dependent on the results of operations and refinancing or sales proceeds of these properties after payment of a preferred return to the co-venturer or partner. Accordingly, these properties are excluded from all operating statistics other than aggregate square footage calculations.

(6) Two additional anchor stores, Joslins and Foley's, are scheduled to open in the fall of 1997.

(7) This property is being strategically managed for possible redevelopment.

TrizecHahn manages all of these properties except for Sea Tac Mall.

TrizecHahn owns 4 sites totaling 462 acres held for potential retail center development or sale.

1996 Financial Highlights

For the years ended December 31 U.S. $ millions (except per share amounts)	Pro forma[1] 1996	1995	Change
Rental Revenue	$ **597**	542	10%
Rental Income	**339**	306	11%
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)[2]	**310**	280	11%
Cash Flow from Real Estate Operations	**126**	100	26%
Basic, per share	$ **0.92**	0.74	24%
Fully diluted, per share	$ **0.89**	0.73	22%
Income from Continuing Operations	**32**	31	3%
Net Income	**25**	25	—
Basic, per share	$ **0.18**	0.18	—
Weighted Average Number of Shares Outstanding (millions)			
Basic	**136.8**	135.5	
Fully diluted	**146.8**	142.1	

As at December 31 U.S. $ millions	1996	1995 (Restated)
Real Estate Assets	$ **3,793**	85
Cash and Short-term Investments	**404**	247
Investments (Barrick at market value)	**1,789**	2,166
Total Assets (Barrick at market value)	$ **5,986**	2,498
Net Debt to Market Capitalization	**40%**	—

(1) See Note 1b to Consolidated Financial Statements.
(2) Represents rental income less general and administrative expense.

All dollar amounts shown in this report are in U.S. dollars unless otherwise noted.

Management's Discussion and Analysis of Financial Condition and Results of Operations

General Description of the Corporation

TrizecHahn Corporation was formed, effective October 31, 1996, as a result of the merger (the Merger) between Horsham Corporation and Trizec Corporation Ltd. (Trizec). Prior to this date, Horsham held a 48% equity interest in Trizec. The Merger was accounted for by Horsham as an acquisition of the 52% remaining interest in Trizec. Horsham's name was changed to TrizecHahn to reflect the fact that the Corporation is now a fully-integrated, growth-oriented real estate development and operating company.

TrizecHahn is one of the largest publicly traded real estate companies in North America, with total market capitalization (including long-term debt) at December 31, 1996, of approximately $6.3 billion. The Corporation has total assets of $4.9 billion at book value. Reflecting TrizecHahn's investment in Barrick at market (using the stock price on December 31, 1996), total assets were $6.0 billion. The Corporation owns interests in a portfolio of 66 properties containing 51.5 million square feet, of which TrizecHahn's ownership interest is approximately 31 million square feet. TrizecHahn derived approximately 56% of its total rental income from office properties and 44% from retail properties for the year ended December 31, 1996, on a pro forma basis. Approximately 70% of this income was from properties in the United States and 30% from properties in Canada.

A majority of the office space in TrizecHahn's 38 office properties is in Class A properties located in central business districts (CBD) of major North American cities, such as Houston, Calgary, Dallas and, with a recent acquisition, New York. The U.S. office portfolio is comprised of 21 buildings aggregating 15.4 million square feet. The Canadian office portfolio is comprised of 17 buildings totaling 10.8 million square feet. The Corporation's retail portfolio consists of ownership in 28 U.S. shopping centers comprising 25.3 million square feet in 10 states. These centers are primarily dominant super-regional fashion centers in major metropolitan areas that cater to upper-income customers. Of the total retail portfolio square footage, 63% is located in California.

The Corporation has an established European operation, TrizecHahn Europe, and offices in Berlin, Prague and Budapest, as well as in Hong Kong, through which the Corporation is pursuing an international expansion program aimed at applying its North American real estate expertise to developing markets. Currently, TrizecHahn's investment outside of North America does not comprise a significant portion of the Corporation's assets or its cash flow.

TrizecHahn also holds substantial interests in two other companies consisting of a 15.7% interest in Barrick Gold Corporation, and a 46% interest in Clark USA, Inc., each of which it intends to use for investment into real estate opportunities. Barrick is the second largest gold company in the world with reserves of over 51 million ounces at December 31, 1996. Clark is the fourth largest independent oil refining company in the United States, a leading independent marketer of refined petroleum products in the central United States and has over 800 gasoline and convenience stores.

Operating and Capital Strategies

Overall Operating Strategy

TrizecHahn's operating strategy is to enhance shareholder value through sustained growth in operating cash flow. The Corporation believes it can achieve this goal by applying its core competencies of superior property management and leasing, development expertise, strategic asset management and financial skills to the following strategies:

- opportunistically acquire office properties;
- develop and redevelop major market centers;
- maximize cash flow from existing properties;
- dispose of non-strategic assets;
- optimize the deployment of capital between competing investment alternatives; and
- pursue international and real estate-related opportunities.

Implementation of these strategies will ensure a continued pipeline of growth opportunities in the short, medium and long-term.

Capital Strategy

TrizecHahn's capital strategy complements its operating strategy through the following key elements:

- employ an appropriate degree of leverage during a real estate recovery phase;
- allocate capital between product line (office, retail or other), investment type (acquisitions or developments), and geography (the U.S., Canada, or international) based on the best risk-adjusted returns;
- continue to realize on the value of the Barrick and Clark investments in order to reinvest in real estate opportunities;
- minimize capital at risk in international projects; and
- actively manage its exposure to interest rate fluctuations.

TrizecHahn is structured as a real estate operating company, not a Real Estate Investment Trust (REIT). Consequently, it can pay dividends at lower levels, retain capital for growth, sell assets, and pursue growth-oriented real estate opportunities outside of North America and in related businesses; REITs are subject to restrictions in these areas. However, similar to REITs, the Corporation is not in a significant current tax paying position due to the significant tax loss carryforwards available.

Management will be oriented towards retaining capital for reinvestment rather than reducing debt so as to provide greater enhancement to shareholder value. Therefore, in the current environment, the Corporation will seek a target leverage ratio of between 50% and 60%.

Due to its active asset disposition and redevelopment strategy, the Corporation intentionally keeps a portion of its debt on a floating rate basis. This gives TrizecHahn flexibility for sales, redevelopments and refinancing without high prepayment penalties. To better implement the cost-effectiveness and flexibility of its capital plan, the Corporation continually monitors short-term and long-term interest rates, entering into long-term fixed rate loan arrangements or interest rate swap and cap contracts to manage the interest rate risk on its long-term debt. It is the Corporation's objective, based on the current interest rate environment as well as its asset sale and financing plan, to maintain unhedged floating rate debt at between 20% and 30% of long-term debt. At December 31, 1996, approximately $473 million or 20% of the Corporation's long-term debt was on an unhedged floating rate basis.

The Corporation intends to use its cash flow for growth through acquisitions, developments and redevelopments. Therefore it has established a dividend payout level that is consistent with a growth-oriented company in which capital is retained for reinvestment in real estate opportunities. Subsequent to year-end, the Corporation declared a semi-annual dividend of $0.12 per share.

Historical Financial Review

The historical financial statements are those of Horsham (renamed TrizecHahn as a result of the Merger). These statements reflect Horsham's 48% interest in Trizec accounted for on the equity method for the period January 1, 1996 to October 31, 1996 and for all of 1995, and consolidation of 100% of Trizec's operations from November 1, 1996 to December 31, 1996 on a line-by-line basis. Due to this complexity, the Consolidated Financial Statements which present historical financial data do not provide the reader with an informative basis on which to determine the Corporation's future profitability. To assist the reader in understanding the impact of the Merger on future performance, and to allow for year-over-year comparison of the Trizec real estate operations, a pro forma presentation is provided throughout the Consolidated Financial Statements, as if the Merger had occurred at the beginning of the fiscal year presented. A review of the results of operations based upon the pro forma presentation is provided after the review of the historical financial statements:

Net Income Analysis

For the years ended December 31 ($ millions)	1996	1995
Income from Trizec:		
Consolidated operating results (post Merger)	**$ 7**	—
Equity accounting basis (pre-Merger)	**17**	19
Valuation adjustment, net of tax	**(56)**	—
	(32)	19
Income from Barrick:		
Equity accounting basis	**31**	44
Dilution gains	**39**	7
	70	51
Corporate:		
Consolidated operating results	**(4)**	(10)
Exchangeable debentures revaluation, net of tax	**(20)**	(49)
	(24)	(59)
Income from continuing operations	**14**	11
Income (loss) from Clark:		
Equity accounting basis	**(26)**	1
Consolidated operating results	**—**	(32)
Dilution gains	**18**	24
Loss from discontinued operations	**(8)**	(7)
Net income	**$ 6**	4

Prior to the Merger between Horsham and Trizec which created TrizecHahn, Horsham was a holding company. TrizecHahn is a real estate operating company. In past years at Horsham, the market value of investments rather than cash flow from operations was the most meaningful indicator of performance, as this indicator focused on the underlying value being created in the distinct operating business units. The above Net Income Analysis table isolates certain non-recurring and non-cash charges to income. It also takes into account changes in the Corporation's financial statement disclosure and accounting treatment directly attributable to the Merger, as described below.

Trizec

The acquisition of the remaining 52% interest in Trizec for consideration less than book value has resulted in a $61 million net reduction to the carrying values of TrizecHahn's assets and liabilities (see Note 3 to the Consolidated Financial Statements). A corresponding charge to net income of $56 million (net of a $50 million deferred tax recovery) was recorded. This represents a reduction of the 48% interest in certain property carrying values established at the time of Horsham's initial investment in these properties.

Barrick

Effective December 31, 1996, the Corporation adopted the cost method of accounting for its investment in Barrick. Future income from this investment will be recognized only to the extent of cash dividends received (1996 — $8 million, 1995 — $7 million).

Barrick's results declined in 1996, primarily due to a one time charge to cover the costs of its Cerro Corona project in Peru; this project did not meet Barrick's development criteria. The Corporation recorded a dilution gain of $39 million in 1996 as a result of the shares issued by Barrick as part of the acquisition of Arequipa Resources Ltd.

Corporate

Because TrizecHahn intends to use its investment in Barrick to finance the growth of its real estate business and to create consistency on a prospective basis with the accounting treatment mandated for the $275 million of 3% Exchangeable Debentures issued in 1996 and possible future issues, the $600 million of 3¼% Exchangeable Debentures which were historically carried at their face amount were retroactively marked to market. As detailed in Note 9 to the Consolidated Financial Statements, this change in accounting policy resulted in a non-cash revaluation adjustment reflected in the determination of net income in the current and prior years. The cumulative effect of this revaluation is zero over the period 1994 to 1996. In the future, as it is contemplated that delivery of the underlying Barrick shares will be made in satisfaction of the liability, hedge accounting will be applied from January 1, 1997. This will eliminate net income volatility related to the 3¼% Exchangeable Debentures in future years as any changes to the carrying value of the Exchangeable Debentures will be offset by a deferred charge on the balance sheet.

Clark

Consistent with its business and capital strategies, the Corporation plans to divest, distribute or otherwise dispose of its 46% interest in Clark within a one-year time horizon with no loss on disposal anticipated. As a result of this planned disposition, Clark's results of operations and changes in cash flow have been disclosed separately from those of continuing operations in the current and prior periods and have been classified as discontinued operations. It is anticipated that Clark will not have an impact on net income until the Corporation's interest in Clark is divested.

In 1996, Clark's results suffered from difficult refining and retail market conditions caused by higher crude oil prices, which reduced margins in the industry. The Corporation recorded a dilution gain of $18 million in 1996 as a result of Clark's recognition of issued equity, relating to the monetization of one of its advance crude oil purchase receivables acquired in late 1995.

Pro Forma Reconciliation

As previously noted, due to the complexity of the Corporation's historical financial statements, a pro forma presentation is provided throughout the Consolidated Financial Statements as if the Merger had occurred at the beginning of the fiscal year presented. The pro forma financial statements include, on a consolidated line-by-line basis, the 52% previously non-owned share of Trizec's results plus the initial 48% ownership interest. Pro forma per share amounts were calculated as if the shares issued upon the acquisition of the remaining interest in Trizec (32.9 million shares) were issued at the beginning of the fiscal period presented. No other adjustments were made to the pro forma financial statements. The following reconciliation summarizes the calculation of pro forma net income:

Pro Forma Net Income Analysis

For the years ended December 31 ($ millions, except per share amounts)	1996	1995
Historical net income as reported	**$ 6**	4
Non-owned 52% of Trizec pre-Merger net income	**19**	21
Net income on a pro forma basis	**$ 25**	25
Per share	**$ 0.18**	0.18

The detailed review of real estate operating results which follows is based upon this pro forma presentation.

Results of Real Estate Operations

Pro forma cash flow from real estate operations was approximately $126 million, $0.92 per share ($0.89 fully diluted), for the year ended December 31, 1996, compared with $100 million, $0.74 per share ($0.73 fully diluted), in 1995. Pro forma net income in 1996 was $25 million, $0.18 per share, essentially unchanged from 1995.

Pro Forma Cash flow from Real Estate Operations

($ millions, except per share amounts) For the years ended December 31	Pro forma 1996	1995	Change
Rental income			
Office properties:			
U.S.	**$ 88**	63	25
Canada	**101**	103	(2)
	189	166	23
U.S. retail centers:			
Major market	**122**	101	21
Mid-market	**28**	39	(11)
	150	140	10
Total rental income	**339**	306	33
General and administrative expense	**(29)**	(26)	(3)
Interest expense, net	**(180)**	(178)	(2)
Current taxes	**(4)**	(2)	(2)
Cash flow from real estate operations (FFO)	**$ 126**	100	26
Per share:			
Basic	**$ 0.92**	0.74	0.18
Fully diluted	**$ 0.89**	0.73	0.16

The Corporation prepares its financial statements in accordance with Canadian GAAP, with the major differences from U.S. GAAP described in Notes 2 and 16 to the Consolidated Financial Statements. Specifically, the Corporation uses the proportionate consolidation method for accounting for joint ventures rather than the cost or equity methods, carries its investment in Barrick at cost rather than at market value, follows the deferral method of accounting for income taxes rather than the liability method, and depreciates properties using the sinking fund method rather than the straight-line method.

In the U.S., The National Association of Real Estate Investment Trusts (NAREIT) has adopted a measurement called Funds From Operations (FFO) to supplement net income as a measure of operating performance. This measurement is considered to be a meaningful and useful measure of real estate operating performance. TrizecHahn's presentation of cash flow from real estate operations is consistent with NAREIT's definition of FFO. FFO does not represent cash flow from operations as defined by Canadian GAAP and U.S. GAAP. This measure is not necessarily indicative of cash available to fund cash needs and should not be considered as an alternative to cash flow as a measure of liquidity.

Pro forma cash flow from real estate operations for the year ended December 31, 1996 was 26% higher than in 1995, due primarily to the impact of acquisitions made in the second half of 1995, and the latter part of 1996. The major components of the Corporation's pro forma net income and cash flow from real estate operations are discussed under the following headings: rental income; general and administrative expense; interest expense, net; depreciation expense; and income and other corporate taxes.

Rental Income

Pro forma rental income for the year ended December 31, 1996 was approximately $339 million, compared to $306 million in 1995, an 11% increase. Excluding the results of properties disposed of during 1995 and 1996, rental income increased 18%. Rental income consists of base rent, percentage rent and operating cost recoveries, less cost of operations and property taxes. The following table identifies the principal factors contributing to the improved rental income performance.

Pro Forma Rental Income Change

($ millions)	Office Portfolio	Retail Center Portfolio	Total
Performance of comparable properties	$ 5	4	9
Acquisitions	29	12	41
Retail center developments	—	7	7
Dispositions and other	(11)	(13)	(24)
Total increase in rental income	$ 23	10	33

Rental income for comparable properties (i.e. those properties owned at December 31, 1996 and 1995) was higher in 1996 due primarily to the improvement in California retail sales, the success of the retail specialty leasing program, the downsizing of certain property management functions, and the implementation of operating cost efficiencies in the office portfolio. However, this year-over-year growth does not reflect the benefit of operational and leasing improvements made subsequent to acquisition, for those properties acquired in the second half of 1995 (Renaissance Tower, Northstar Center and Gateway Center). For example, at Renaissance Tower alone, the impact of a lease with Blockbuster Entertainment (215,000 square feet) should result in an increase in rental income of $1 million over the 1996 levels.

The 1996 rental income is not representative of annual rental income for those properties in place at December 31, 1996. Rental income from a significant number of dispositions, acquisitions and the Park Meadows development has been included for part of 1996. Eliminating asset dispositions and annualizing actual 1996 rental income office acquisitions and Park Meadows for a full year would result in total rental income of approximately $360 million.

Office Portfolio

Pro forma office rental income increased 14% to $189 million in 1996, from $166 million in the comparable period last year. The majority of this increase was due to the 4.5 million square feet of U.S. office acquisitions made in the second half of 1995 and, to a lesser degree, the 4.3 million square feet acquired in the latter part of 1996. The impact of acquisitions was partially offset by sales of non-strategic properties. Overall, the proportion of office income from the U.S. to total office income increased to 46% from 38%.

In the office portfolio, for the year ended December 31, 1996, the Corporation signed leases totaling 3.4 million square feet, of which TrizecHahn's proportionate interest was 3.1 million square feet, consisting of 2.0 million square feet in the U.S. and 1.1 million square feet in Canada. Occupancy remained at 92% in Canada, while in the U.S. it declined from 86% at December 31, 1995 to 82% at December 31, 1996. This decline was due primarily to the impact of the U.S. acquisitions with lower occupancies completed in the fourth quarter of 1996 (particularly Allen Center with a 76% occupancy at the time of acquisition in November 1996). Due to these acquisitions, total office portfolio occupancy declined by 3% to 86%. However, these lower occupancy rates represent a significant opportunity to improve rental income as the vacant space is leased up.

During 1996, the improvement in rental income as a result of contractual rent increases in existing leases was offset by rental rates on new and renewing leases being lower than on expiring leases by approximately $2 per square foot. In 1994, this roll down in rents on expiring leases was approximately $3 per square foot, and for 1995 was approximately $2 per square foot. While the recent trend has been toward a continued narrowing of the gap between expiring and renewing rental rates, 1996 rental income was affected by certain above market large leases that expired at Cullen Center. The acquisition in February 1997 of a 49.9% interest in a 2.7 million square foot portfolio of three properties in New York, which has leases in place at rents significantly below market, should partially offset the roll down in expiring leases. In addition, aggregate contractual increases in office rents for the five years ending December 31, 2001 — for leases in place at December 31, 1996 — amount to approximately $70 million, on a cumulative basis.

Retail Center Portfolio

Despite significant dispositions in 1996, TrizecHahn's retail centers reported an 8% increase in pro forma rental income to $150 million, compared with $140 million in 1995. The majority of this growth came from the major market centers, where rental income increased by approximately 20%, largely due to the opening of Park Meadows as well as the acquisition of additional ownership interests in two centers and participating ground leases in five centers at the end of 1995. Consistent with TrizecHahn's strategy of focusing on dominant super-regional centers, 81% of total retail rental income was derived from the major market centers in 1996 versus 72% in 1995. Rental income from the mid-market portfolio declined $11 million or approximately 28%, due to the disposition of almost 50% of this segment's leasable area since the beginning of 1995. In 1997, the mid-market segment will contribute even less, since 1996 rental income includes a full year's rental income on certain mid-market centers that were sold in December 1996. While dispositions will reduce rental income in the short-term, it is TrizecHahn's strategy to invest the net proceeds from sales in assets which have better long-term growth prospects and sustainability of cash flow.

For the retail centers portfolio overall, there was positive sales growth of approximately 12%, as average center sales improved from $296 per square foot in 1995 to $331 per square foot in 1996. Over the same period, major market sales increased from $335 to $364 per square foot and mid-market sales per square foot increased from $201 to $216 per square foot.

In addition, rental income improvements in the regional centers came about as a result of average rental uplifts on new and renewing leases of approximately $7 per square foot in the major market centers. During 1996, TrizecHahn leased 910,000 square feet in its regional center portfolio, of which its proportionate interest was 609,000 square feet. Combined occupancy (excluding specialty leasing) at December 31, 1996 was 85% (87% for major market centers and 75% for mid-market centers), a decline of 3% from the occupancy levels at December 31, 1995 (91% for major market and 81% for mid-market). The occupancy declines are primarily attributable to two properties in the portfolio which are being strategically managed for possible redevelopment.

TrizecHahn's occupancy statistics exclude specialty leasing and temporary tenants occupying premises for less than a year. Including temporary tenants, the Corporation's occupancy was 92% at December 31, 1996. TrizecHahn has a dedicated specialty leasing program, which was created to ensure the continuation of a durable cash flow stream from these specialty tenants, to effectively use space that would otherwise remain vacant, and to enable tenants to test their success prior to signing permanent leases. Management believes that so long as this strategy continues to represent a recurring contribution to cash flow in the future, occupancy levels should include such tenants.

In aggregate, contractual increases in retail minimum rents for the five years ending December 31, 2001 — for leases in place at December 31, 1996 — amount to approximately $38 million, on a cumulative basis.

The increase in rental income attributable to retail center development primarily relates to the successful opening in August 1996 of Park Meadows in Denver, a super-regional center which will comprise 1.5 million square feet when completed. The center, which was over 93% leased (including commitments) at opening and has generated annualized sales of over $400 per square foot, contributed approximately $6 million to rental income since opening.

General and Administrative Expense

General and administrative costs include only expenses for corporate level and asset management functions. Expenses for property management and fee-based services are recorded as a reduction of rental income. Corporate level expenses relate primarily to public company governance, reporting and management functions. Pro forma general and administrative expenses were $3 million higher for the twelve months ended December 31, 1996 as compared to the same period in the prior year. This increase was anticipated and is primarily timing-related, as costs for many of the new senior management team as well as other staffing replacements were included only for a part year in 1995. However, as a direct result of the Merger, and the implementation of cost efficiencies, savings of approximately $3 million in the area of administrative and public company costs are anticipated in 1997. These savings may be offset by costs incurred to further pursue the new business developments internationally and in the airport sector.

Interest Expense, Net

The year-over-year improvement in pro forma rental income for the twelve month period in 1996, as compared with 1995, was offset in part by higher pro forma interest expense, net. The following principal factors accounted for this increase.

Pro Forma Interest Expense Analysis

($ millions)	
Acquisitions	$ 17
Dispositions	(8)
Senior Notes issue	6
Interest rate changes	(7)
Interest income and other	(6)
Total increase (decrease) in interest expense, net	$ 2

The U.S. office property acquisitions in the second half of 1995 and the latter part of 1996, which were primarily financed with vendor financing, contributed to higher interest expense in 1996. Trizec issued Senior Notes in October 1995 with a coupon of 10.875%, the proceeds of which were used to reduce maturing second mortgage and unsecured debt at an average rate lower than 10.875%, causing an increase to interest expense. A continued decline in variable interest rates during 1996 as compared to 1995, particularly in Canada, reduced interest expense.

Interest income earned on cash balances increased in 1996 primarily due to the investment of proceeds received on the $275 million of 3% Exchangeable Debentures issued in January 1996, partially offset by the impact of lower interest rates on investment in 1996. These cash resources will continue to be invested into higher yielding real estate investments. Servicing costs of the Exchangeable Debentures have been excluded from cash flow from real estate operations because the Exchangeable Debentures are not secured by real estate, and the proceeds from these issues have been invested in Trizec as capital contributions.

The pro forma interest coverage ratio (defined as rental income less general and administrative expense divided by interest expense, net) improved to 1.72:1 for the year ended December 31, 1996 from 1.57:1 in 1995. This improvement was due primarily to improved underlying operations and cash flow.

Pro forma interest expense, net, as reported includes a significant number of dispositions, acquisitions and the Park Meadows development for a partial year. Eliminating interest expense on assets disposed of and annualizing the actual interest expense on office acquisitions and Park Meadows for an entire year would result in interest expense, net, of approximately $190 million.

Depreciation Expense

Pro forma depreciation expense was $40 million in 1996, $7 million higher than the prior year. This increase was due, in part, to the acquisitions made in the second half of 1995, and the latter part of 1996. Depreciation expense increases with the build-up of tenant installation costs which are amortized over the term of the respective lease, and increases due to the compounding effect of applying the sinking fund method of depreciation. The reduction in property carrying values, as a consequence of the Merger and subsequent valuation adjustment, will marginally reduce depreciation expense in the future.

Income and Other Corporate Taxes

The significant components of pro forma income and other corporate taxes are as follows.

Pro Forma Income and Corporate Taxes

For the years ended December 31 ($ millions)	Pro forma 1996	1995
Deferred income taxes:		
– operations	**$ (17)**	(20)
– debenture revaluation	**15**	39
– valuation adjustment	**50**	—
	48	19
Current taxes	**(4)**	(2)
Income and other corporate tax recovery (expense)	**$ 44**	17

TrizecHahn's provision for income taxes against operating income (excluding dilution gains and income from affiliates) was approximately 28% of net income before taxes in 1996. This rate is lower than the combined basic Canadian federal and provincial income tax rate of approximately 44%, largely due to lower income tax rates applicable to income earned from operations in the United States and the utilization of tax losses against Canadian income. Current taxes payable are higher in 1996 compared to 1995 due to the non-recurring receipt of a tax refund in 1995 related to a favorable reassessment of prior years.

As detailed in Notes 10 and 16 to the Consolidated Financial Statements, the Corporation has accumulated approximately $181 million in loss carryforwards for Canadian income tax purposes available to reduce future Canadian income for tax purposes. The benefit of these loss carryforwards has not been reflected in the accounts. In addition, there are capital losses and tax deductions available to be utilized in future years in the aggregate amount of $127 million. In the United States, the Corporation has approximately $444 million in net operating losses available to defer cash taxes otherwise payable. Consequently, the Corporation does not expect to be in an income tax paying position in the near term. The actual cash taxes paid relate to small amounts of federal alternative minimum tax and state income taxes in the U.S. and large corporations tax in Canada.

Asset Review

As reflected in the pro forma Consolidated Statement of Changes in Cash Flow, the following property investment activities occurred in 1996.

Properties Analysis

($ millions)

Acquisitions of rental properties	$ 333
Development expenditures	125
Tenant installation and capital expenditures (excluding free rent granted)	57
Dispositions of rental properties	(330)
Net property investment activities	$ 185

Non-strategic properties totaling $330 million were disposed of, including nine regional centers and five office properties. Development expenditures primarily reflect the completion of Park Meadows. As previously described, the $333 million of property acquisitions relate to the U.S. office portfolio where three properties (Allen Center in Houston, Texas, Colony Square in Atlanta, Georgia and 1441 Main Street in Columbia, South Carolina), totaling 4.3 million square feet, were acquired in the fourth quarter of 1996.

Consistent with prior years, TrizecHahn retained Landauer Associates, which has confirmed that the fair market value of the aggregate property portfolio at December 31, 1996 exceeded its carrying value.

Tenant Installation Costs

TrizecHahn's operating properties require periodic investments of capital for tenant installation costs related to new and renewal leasing. The total amount of tenant installation costs is less relevant than a per square foot basis since the former measure is impacted by the square feet of leases expiring in any given period. The amount reported in 1996 was higher on a per square foot basis due in part to the cost of installing a major tenant at Renaissance Tower in Dallas, Texas, to a long-term lease. The Corporation expects that tenant installation costs should continue to decline on a per square foot basis as market conditions in its target markets continue to improve. However, the Corporation expects that the lease-up of vacant space in its recent acquisitions may contribute to higher total tenant installation costs. The following table reflects pro forma tenant installation costs as reported, which include leasing commissions, for both new leases and renewing leases.

Pro Forma Tenant Installation Costs

For the years ended December 31 (in millions, except per square foot amounts)	1996	1995	1994
Office properties			
Square feet leased[1]	**3.1**	2.3	2.7
Total tenant installation costs, including free rent	**$ 40**	24	38
Total costs per square foot, including free rent	**$ 13**	11	14
Retail centers			
Square feet leased[1]	**0.6**	0.7	0.6
Total tenant installation costs, including free rent	**$ 8**	12	12
Total costs per square foot, including free rent	**$ 14**	18	19

(1) Represents TrizecHahn's proportionate share of square feet leased.

Capital Expenditures

As part of its efforts to maintain the quality of its properties and preserve long-term value, TrizecHahn pursues an ongoing program of capital expenditures, certain of which are not recoverable from tenants. These expenditures generally cover such items as safety systems, heating and air-conditioning systems and parking upgrades. The following table sets forth reported pro forma capital expenditures for the office and retail portfolios only, on a total and per square foot owned basis.

Pro Forma Capital Expenditures

For the years ended December 31 (in millions, except per square foot amounts)	1996	1995	1994
Office properties			
Total capital expenditures	**$ 8**	6	18
Per square foot owned	**$ 0.39**	0.32	0.98
Retail centers			
Total capital expenditures	**$ 5**	4	10
Per square foot owned	**$ 0.53**	0.38	0.93

The decline in capital expenditures from 1994 to 1996 reflects the implementation of the Corporation's strategy to focus investment on strategic and higher growth assets and to dispose of assets which faced greater risk of obsolescence. The Corporation believes that capital expenditures for the combined retail and office portfolio will average approximately $0.40 — $0.60 per square foot owned on an annual basis.

Capital Structure and Liquidity

Long-term Debt

Long-term debt at December 31, 1996 was $2,419 million. As reflected in the pro forma Consolidated Statement of Changes in Cash Flow, the following long-term debt financing activities occurred in 1996.

LONG TERM DEBT ANALYSIS

($ MILLIONS)

Acquisition financing	$ 205
New financing	124
Development financing	100
Debt repaid on dispositions	(207)
Regular principal repayments	(31)
Debt maturities and paydowns	(309)
NET LONG-TERM DEBT FINANCING ACTIVITIES	$ (118)

At December 31, 1996, collateralized rental property loans totaled $2 billion. Of these loans, approximately $475 million is collateralized by properties located in Canada and $1.5 billion is collateralized by properties located in the United States. Of the collateralized debt, $1 billion is collateralized by the office portfolio and $1 billion by the retail portfolio. The remaining $419 million in debt consists primarily of two facilities, the $250 million Senior Notes issue and an $89 million unsecured loan of the Corporation, which was repaid as scheduled subsequent to year-end. Of the total long-term debt, $2 billion or 80% is denominated in U.S. dollars and the balance of approximately $460 million or 20% is denominated in Canadian dollars. Unhedged floating rate debt was 20% of total long-term debt, consistent with TrizecHahn's capital strategy. Based on interest rates in effect on December 31, 1996 and the Corporation's debt level at December 31, 1996, a change in the interest rate of one percent (100 basis points) would have approximately a $7 million annualized impact.

Refinancing

Approximately 17% ($403 million) of the Corporation's long-term debt matures in 1997. In addition, maturities in the subsequent four years amount to $981 million or 41% of total long-term debt, as described in Note 8 to the Consolidated Financial Statements. These maturities primarily represent first mortgage borrowings. Over this five year period, approximately 46% of the debt maturities relate to office properties, 46% relate to retail, and the balance, 8%, are unsecured loans. TrizecHahn plans to meet these maturing debt obligations through refinancing of its debt with other indebtedness, existing cash and available credit, cash flow from operations, and planned sales of non-strategic assets. The significantly greater financial resources of TrizecHahn compared to the resources of Trizec will mitigate the risk that capital markets (for future debt refinancing) are not favorable, or that TrizecHahn's existing cash and cash flow from operations and asset sales are not adequate to refinance its maturing debt obligations.

At December 31, 1996, TrizecHahn had $404 million in cash and short-term investments and had available $61 million in undrawn committed credit facilities. In addition, in August 1996, the Corporation obtained a three-year, $250 million revolving credit facility from an institutional lender to facilitate property acquisitions and refinancings. At December 31, 1996, $25 million was drawn on this facility. The Corporation is also arranging to increase its uncommitted credit facility, collateralized by Barrick shares, from $150 million to $200 million. These credit facilities provide additional liquidity and financial flexibility to address debt maturities and facilitate financing on a conventional basis.

Financing for real estate during 1996 continued to benefit from improvement in real estate markets, renewed participation by traditional providers of real estate capital (insurance companies and pension funds), lower current interest rates and narrower corporate borrowing spreads. Management believes these factors will favorably impact refinancing terms, execution and pricing. This expectation has been confirmed, for example, on the Corporation's four most recent financing transactions totaling approximately $360 million at interest rates ranging from 6.7% to 7.7% for terms of 5.25 to 10 years. Over the last two years, the Corporation has completed in excess of $1.6 billion of financing, $1.35 billion secured by properties and the $250 million Senior Notes issue.

The Corporation's average cost of debt at December 31, 1996 was 8.5%, excluding Exchangeable Debentures. Excluding the unsecured loans (10.875% Senior Notes due 2005, and 9.75% unsecured loan paid January 2, 1997), the average cost of the Corporation's debt ($2.1 billion) was 8.2%, which is above current market rates. Refinancing debt maturities at current market rates represents a potential opportunity to reduce interest expense.

Barrick Investment and Exchangeable Debentures

At December 31, 1996, the Corporation's investment in Barrick was represented by 58.5 million shares of which 28.2 million shares were unencumbered. At December 31, 1996, the market value of this investment ($1.7 billion) exceeded the book value by approximately $1.1 billion. The value of the unencumbered Barrick investment, which the Corporation intends to invest into real estate, was in excess of $800 million at year end.

Further value can be unlocked through the Exchangeable Debenture form of financing which is a cost and tax effective means of using the Barrick investment, while retaining maximum flexibility. The Corporation's obligation relating to any exchange or redemption can be satisfied through delivery of the Barrick shares, the cash equivalent of the market value of the Barrick shares at such time, or any combination thereof. However, satisfaction of the liability with cash would retain the potential benefit of future equity appreciation related to the Barrick shares for the period subsequent to the retirement.

Capital Base

As a consequence of the Merger, TrizecHahn had an equity market capitalization of approximately $3,019 million, based on the share price as at December 31, 1996. This ranks TrizecHahn as the second largest real estate company in North America based on market capitalization. In addition, TrizecHahn has been the most actively traded real estate stock since the announcement of the Merger. This combination of large market capitalization and trading liquidity provide the Corporation with an enhanced ability to access the public capital markets.

Leverage

As a result of its stronger and significantly deleveraged balance sheet, TrizecHahn has a greater borrowing capacity than Trizec had and is in a position to seek more advantageous terms when refinancing maturing debt. The following leverage ratios at December 31, 1996 underline this fact.

Leverage Ratios ($ millions)	Leverage ratio	Net debt	Capital
Net debt to total capital:			
– with investment in Barrick at book value	60%	$ 2,014	3,383
– with investment in unencumbered Barrick at market value	51%	2,014	3,927
Net debt to market capitalization	40%	2,014	5,033

The leverage ratio is the ratio of long-term debt less cash and short term investments (net debt) to the sum of net debt and shareholders' equity (capital) under different assumptions. The Exchangeable Debentures are excluded from the calculations as it is contemplated that they will be satisfied through the delivery of the underlying Barrick shares.

Risk Management and Outlook

The performance of TrizecHahn's office portfolio is affected by supply and demand for office space. Macro economic conditions such as current and expected growth in the economy, business and consumer confidence and employment levels drive this demand. In 1996 there was little new CBD office development in North America, continued broad-based improvement as reflected in generally lower vacancy rates, positive net absorption and lower costs to install tenants in most major markets in North America. CBD office locations became more attractive to tenants looking to reduce their occupancy costs by relocating from suburban locations where higher rents prevailed. Excess supply in the CBD office markets is gradually being depleted as a result of this positive absorption, technological obsolescence and conversion of existing inventory to other uses. Management expects a continuation of these trends.

Management believes that these trends will benefit TrizecHahn's office portfolio in particular, as it is characterized by minimal lease expiries in 1997, improving rental rates in most markets in which it operates, and the absence of new supply. Lease expirations total just 336,000 and 894,000 square feet in the Canadian and U.S. office portfolios, respectively, both at an average net rent per square foot of approximately $10. Overall the rental rates on these leases expiring in 1997 are expected to be slightly above current market rates, but by less than the $2 differential observed in 1996. In 1996, leases expired at an average rate of $9 net rent per square foot and were generally being rolled over at an average net rent of $7. The resultant decline will be partially offset by contractual steps on existing leases in place which amount to approximately $3 million in 1997. Beyond 1997, scheduled lease expirations, over the next five years in the office portfolio, average approximately 9% annually and never exceed 11% of total occupied office gross leasable area in any one year. In addition the significant vacant space in the office portfolio represents an opportunity to increase cash flow from aggressive leasing, especially in the recently acquired properties.

From a macro economic perspective, the 1997 outlook for the Corporation's retail portfolio continues to be positive. A favorable interest rate environment, continued economic growth and consumer confidence should translate into increased spending at TrizecHahn's shopping centers. Additional factors specific to TrizecHahn's retail centers provide the basis for a positive outlook in 1997.

All of the Corporation's centers are regional or super-regional, which benefit from competitive barriers to entry and which sell merchandise that historically has not lent itself to discount formats. TrizecHahn's retail centers are located in trade areas that have high household disposable income and other demographic characteristics favorable to consumer spending. Seventeen of the centers representing 63% of the gross leasable area are located in California. This geographic focus will have a positive impact on the retail portfolio results as the California economy continues to recover. In addition, TrizecHahn's centers are anchored by several of the strongest U.S. department store chains — Nordstrom, Dillard's, Macy's, Sears, and Robinson's-May — which is critical to attracting

consumers. The centers have significant diversity in their tenant base of 3,700 stores, with relatively limited exposure to any one tenant and limited lease rollover exposure over the next several years (9% of occupied space expires in 1997 and an average of 9% over the next five years).

The Corporation's expiring rents are, on average below current market rents. In 1997, 554,000 square feet of contractual leases will expire in the major market centers at an average rate of $22 per square foot. In 1996, the average uplift in net rental rates achieved upon re-leasing expiring space was approximately $7 per square foot. In 1996, major market sales per square foot averaged $364, while the ratio of tenants occupancy costs to sales averaged approximately 12%. This ratio is at the low end of the range typical in the industry, indicating some additional capacity to pay more rent before affecting tenant profitability.

To achieve its goal of realizing superior financial performance for its shareholders by retaining a competitive edge and providing sustained cash flow growth, TrizecHahn is implementing a program of select new developments and redevelopments to expand or upgrade existing centers.

Overall Outlook

For TrizecHahn, 1996 was a year of significant progress towards realizing superior financial performance for its shareholders by maximizing the value of its existing North American assets and investing in new growth opportunities. A number of important initiatives were undertaken as part of the Corporation's intention to create a focused, highly-disciplined and performance-oriented real estate operating company. These initiatives should continue to provide TrizecHahn with cash flow improvement in 1997, and longer term benefits.

TrizecHahn continued to execute its portfolio realignment strategy, changing the composition of over 25% of the owned square footage in its portfolio in 1996, a feat it accomplished in 1995 as well. The Merger addressed the capital constraints of Trizec, reducing risk in its debt maturity profile, and providing the necessary capital to aggressively pursue its operating and growth strategy. The Merger created access to the equity markets with a highly liquid real estate stock. Operationally, the Corporation achieved double digit improvements in revenue and cash flow. U.S. office acquisitions contributed to these improvements in quantitative terms and, in combination with the dispositions made, also improved the quality and sustainability of the cash flow.

Having completed these major strategic and operational accomplishments, TrizecHahn is in a better position to continue to deliver solid financial results in 1997. The Corporation's challenge in 1997 will be to source new investment opportunities offering compelling rates of return, and to continue developing new business opportunities internationally and in real estate related businesses that will contribute to achieving the Corporation's mandate — to build long-term shareholder value through sustained profitable growth.

Consolidated Balance Sheets

As at December 31 (U.S. $ millions)	Note	1996	1995
			(Restated)
Assets			
Properties	4	**$ 3,574.5**	51.9
Cash and short-term investments		**404.2**	246.8
Other assets	5	**218.4**	33.2
Investment in Barrick (market value 1996 – $1,681; 1995 – $1,542)	6	**552.2**	488.8
Investment in Clark	7	**108.1**	113.7
Investment in Trizec	3	—	510.2
		$ 4,857.4	1,444.6
Liabilities			
Long-term debt	8	**$ 2,418.5**	—
Exchangeable debentures	9	**855.0**	565.0
Accounts payable and accrued liabilities		**215.3**	12.3
		3,488.8	577.3
Deferred Income Taxes		—	15.0
Shareholders' Equity	11	**1,368.6**	852.3
		$ 4,857.4	1,444.6

Contingencies (Note 15)

See accompanying notes to consolidated financial statements

On behalf of the Board:

Peter Munk
Director

Gregory C. Wilkins
Director

Consolidated Statements Of Income

For the years ended December 31 (U.S. $ millions, except per share amounts)	Note	Pro Forma (Note 1) 1996	Pro Forma (Note 1) 1995	1996	1995 (Restated)
Rental Operations					
Rental revenue		$ 597.1	541.5	112.1	—
Operating expenses		(202.3)	(185.6)	(35.8)	—
Property taxes		(56.2)	(50.1)	(13.5)	—
Rental Income		338.6	305.8	62.8	—
General and administrative expense		(28.6)	(25.5)	(12.0)	(9.5)
Interest (expense) income, net	8	(180.5)	(178.0)	(12.5)	18.5
Real Estate Operating Income before the following items:		129.5	102.3	38.3	9.0
Share of net income of Barrick	6	31.4	44.4	31.4	44.4
Share of net income of Trizec	3	—	—	17.4	19.0
Dilution gains and other, net	12	(69.8)	9.1	(69.8)	9.1
Exchangeable debentures interest expense		(28.4)	(20.7)	(28.4)	(20.7)
Exchangeable debentures revaluation	9	(35.0)	(88.0)	(35.0)	(88.0)
Depreciation expense		(39.9)	(32.7)	(8.0)	(0.3)
Income and other corporate tax expenses	10	44.5	17.0	67.5	38.3
Income from Continuing Operations		32.3	31.4	13.4	10.8
Loss from the Discontinued Operations of Clark	7	(7.6)	(6.5)	(7.6)	(6.5)
Net Income		$ 24.7	24.9	5.8	4.3
Income per share from Continuing Operations	2				
Basic		$ 0.24	0.23	0.12	0.11
Net Income per share	2				
Basic		$ 0.18	0.18	0.05	0.04

See accompanying notes to consolidated financial statements

Consolidated Statements Of Retained Earnings

For the years ended December 31 (U.S. $ millions)	Note	1996	1995
			(Restated)
Retained Earnings, beginning of year			
As previously reported		$ 514.6	468.5
Adjustment due to revaluation of exchangeable debentures	9	20.0	69.0
As restated		534.6	537.5
Net Income for the year		5.8	4.3
Dividends	11	(7.3)	(7.2)
Retained Earnings, end of year		$ 533.1	534.6

Supplementary Information
Pro Forma Consolidated Statements Of Cash Flow From Real Estate Operations

For the years ended December 31 (U.S. $ millions, except per share amounts)	Note	Pro Forma (Note 1) 1996	1995
Real Estate Operating Income		$ 129.5	102.3
Current taxes	10	(3.7)	(2.2)
Cash Flow from Real Estate Operations		$ 125.8	100.1
Cash Flow from Real Estate Operations Per Share	2		
Basic		$ 0.92	0.74
Fully diluted		$ 0.89	0.73

See accompanying notes to consolidated financial statements

Consolidated Statements Of Changes In Cash Flow

For the years ended December 31 (U.S.$ millions)	Note	Pro Forma (Note 1) 1996	Pro Forma (Note 1) 1995	1996	1995
Cash flow from (applied to)					(Restated)
Operating Activities					
Income from continuing operations		$ 32.3	31.4	13.4	10.8
Non-cash items					
Share of affiliates' net income (net of dividends)		(23.2)	(37.4)	(40.6)	(56.4)
Dilution gains and other, net		69.8	(9.1)	69.8	(9.1)
Exchangeable debenture revaluation		35.0	88.0	35.0	88.0
Depreciation expense		39.9	32.7	8.0	0.3
Deferred income taxes		(48.2)	(19.2)	(68.2)	(39.0)
Net change in operating working capital		(17.7)	(4.7)	10.2	(7.7)
Total operating cash flows		87.9	81.7	27.6	(13.1)
Financing Activities					
Long-term debt					
Senior Notes issued		—	240.4	—	—
Acquisition financing		205.0	331.0	205.0	—
Development financing		99.7	82.3	5.6	—
Repaid on disposition		(206.9)	(98.5)	(147.8)	—
New financing		123.6	249.5	107.3	—
Principal repayments		(339.7)	(499.4)	(263.4)	—
Exchangeable debentures issued	9	264.0	—	264.0	—
Issue of shares from options		12.9	5.0	12.9	5.0
Dividends paid		(7.3)	(7.2)	(7.3)	(7.2)
Total financing cash flows		151.3	303.1	176.3	(2.2)
Total Operating and Financing Activities		239.2	384.8	203.9	(15.3)
Investing Activities					
Properties					
Tenant installation costs		(41.7)	(27.6)	(10.0)	—
Capital expenditures		(15.6)	(11.4)	(6.2)	—
Development expenditures		(124.9)	(82.7)	(18.7)	—
Acquisitions		(333.2)	(414.1)	(333.2)	—
Dispositions		330.0	184.5	221.7	—
Acquisition of Trizec	3	—	—	90.6	—
Funds invested in other assets and liabilities		29.8	(37.6)	9.3	—
Total investing cash flows		(155.6)	(388.9)	(46.5)	—
Increase (Decrease) in Cash and Short-term Investments from Continuing Operations		83.6	(4.1)	157.4	(15.3)
Discontinued operations					
Operating activities		—	108.8	—	108.8
Investing activities		—	(237.7)	—	(237.7)
Financing activities		—	102.1	—	102.1
Decrease in cash and short-term investments from discontinued operations		—	(26.8)	—	(26.8)
Net Increase (Decrease) in Cash and Short-term Investments		$ 83.6	(30.9)	157.4	(42.1)
Cessation of consolidating Clark				—	(136.6)
Cash and Short-term Investments, beginning of year				246.8	425.5
Cash and Short-term Investments, end of year				404.2	246.8

See accompanying notes to consolidated financial statements

Notes To The Consolidated Financial Statements

For the years ended December 31, 1996 and 1995
(tabular amounts in U.S. $ millions, except per share amounts)

1. Basis of Presentation

a. Merger of Horsham and Trizec

TrizecHahn Corporation was formed, effective October 31, 1996, as the result of a merger ("the Merger") between Horsham Corporation ("Horsham") and Trizec Corporation Ltd. (subsequently renamed TrizecHahn Holdings Ltd. hereinafter referred to as "Trizec") a North American real estate company. Prior to this date, Horsham held a 48% equity interest in Trizec. On October 31, 1996, a resolution was passed at a Special Meeting of shareholders of Trizec approving a Merger Agreement (the "Merger Agreement") with Horsham where among other things, each Trizec common share (other than those held by Horsham) was exchanged for 0.58 subordinate voting shares of Horsham. The Merger was accounted for by Horsham as an acquisition of the 52% remaining interest in Trizec (see Note 3), using the purchase method of accounting. Horsham's name was changed to TrizecHahn Corporation ("TrizecHahn" or "the Corporation") to reflect the fact that the Corporation is now a fully-integrated, growth-oriented real estate development and operating company.

TrizecHahn holds a 15.7% equity interest in Barrick Gold Corporation ("Barrick"), an international gold mining company; and a 46% equity interest in Clark USA, Inc. ("Clark"), an oil refining and marketing company in the United States.

b. Pro Forma Presentation

The Corporation believes it is desirable to provide pro forma financial statements and supplemental information in order to assist the users of these financial statements in their assessment of the potential effect of the Merger and the fact that the Corporation is now a real estate development and operating company. The pro forma financial statements and notes are provided because prior to November 1, 1996, the Corporation's 48% investment in Trizec was accounted for using the equity method. As such, the consolidated income statement and statement of changes in cash flow only reflect the line-by-line detail of Trizec for the two months ended December 31, 1996, i.e. the period of consolidation. To reflect the new real estate orientation a supplementary pro forma statement of cash flow from real estate operations is also provided.

The pro forma consolidated statements of income, cash flow from real estate operations and changes in cash flow are presented as if the Merger had occurred at the beginning of the fiscal period presented. The pro forma income statements include the 52% previously not owned ownership interest in Trizec's results (1996 net income up to October 31, 1996 — $18.9 million, 1995 net income — $20.6 million), plus the initial 48% ownership interest, on a consolidated line-by-line basis. This allows for year-over-year comparability of the Trizec real estate operations. No other adjustments were made to the underlying financial statements and results. The pro forma consolidated financial statements and notes presented are based upon the audited financial statements of Trizec and Horsham for the year ended December 31, 1995 and the financial statements of Trizec and Horsham to the date of the Merger and the audited consolidated financial statements of TrizecHahn for the year ended December 31, 1996.

Certain comparatives have been restated to conform with the current year's presentation.

2. Significant Accounting Policies

The consolidated financial statements are prepared in accordance with generally accepted accounting principles as recommended by the Canadian Institute of Chartered Accountants ("Canadian GAAP"). These principles differ in certain respects from those in the United States and to the extent that they affect the Corporation, these differences are described in Note 16 "Differences from United States Accounting Principles."

The Corporation's accounting policies and its standards of financial disclosure are substantially in accordance with the recommendations of the Canadian Institute of Public Real Estate Companies ("CIPREC"), of which Trizec is a member. In the United States, the National Association of Real Estate Investment Trusts ("NAREIT") has adopted a measurement called Funds From Operations ("FFO") to supplement net income as a measure of operating performance. This measurement is considered to be a meaningful and useful measure of real estate operating performance. TrizecHahn's and CIPREC's presentation of cash flow from real estate operations is consistent with NAREIT's definition of FFO. FFO does not represent cash flow from operations as defined by Canadian GAAP. This measure is not necessarily indicative of cash available to fund cash needs and should not be considered as an alternative to cash flow as a measure of liquidity.

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

a. Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and of all subsidiaries of the Corporation where more than 50% of the voting shares are owned and the accounts of all incorporated and unincorporated joint ventures and partnerships to the extent of the Corporation's proportionate interest in their respective assets, liabilities, revenue, expenses and cash flow. All material intercompany transactions have been eliminated.

b. Reporting Currency and Foreign Currency Translation

The consolidated financial statements have been presented in U.S. dollars because it is the currency of the primary economic environment in which the Corporation conducts its operations.

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the rate of exchange in effect at the balance sheet date. Revenues and expenses are translated at the weighted average rate for the period.

The Corporation's operations in Canada are of a self-sustaining nature. Cumulative gains or losses arising from the translation of the assets and liabilities of these operations are recorded as a separate component of shareholders' equity.

c. Properties

i. Rental properties

Rental properties held as ongoing investments are recorded at the lower of cost and net recoverable amount. Net recoverable amount is the undiscounted projected future net cash flow to be generated from the property throughout its useful life, including its residual value, and is intended to determine recovery of an investment and is not an expression of a property's fair market value. Rental properties considered for disposition in the near term are recorded at the lower of cost and net realizable value. Net realizable value is determined on the basis of amounts that would be realized if the property were offered for sale in the ordinary course of business under normal market conditions.

Depreciation of rental properties is determined using the sinking fund method under which an increasing amount consisting of a fixed annual sum together with interest compounded at the rate of 5% per annum is charged to income so as to fully depreciate the buildings and improvements over their estimated useful lives of 30 to 50 years, subject to the terms of any respective ground leases.

Re-leasing costs and the cost of tenant improvements are deferred and amortized on a straight-line basis over the term of the respective lease. Maintenance and repair costs are expensed against operations as incurred, while significant improvements, replacements and major renovations are capitalized to rental properties. Furniture, equipment and certain improvements are depreciated on a straight-line basis over periods of up to 10 years.

ii. Rental properties under development

Rental properties under development consist of properties under construction and are recorded at the lower of cost, including pre-development expenditures, and net recoverable amount.

iii. Properties under and held for development

Properties under and held for development are recorded at the lower of cost and net recoverable amount. Properties developed for sale are recorded at the lower of cost and net realizable value.

iv. Third party confirmation of value

The Corporation values its portfolio of rental properties in order to confirm that the fair market value of the portfolio equals or exceeds the book value reported in the balance sheet. Third party valuators concurred with the valuation determined by the Corporation at December 31, 1996.

d. Capitalized Costs

Consistent with U.S. GAAP, the cost of rental properties and properties under development includes all expenditures incurred in connection with the activities of acquiring, developing and constructing these properties. These expenditures consist of all direct costs including initial leasing costs, interest on general and specific debt and general and administrative expenses.

Revenues relating specifically to such properties are treated as a reduction of costs until such time as construction is substantially completed and the property is available for occupancy.

e. Income Recognition

i. Revenue from a rental property is recognized once the property is substantially completed and available for occupancy. Prior to this time, the property is categorized as a rental property under development. The Corporation has retained substantially all of the benefits and risks of ownership of its rental properties and therefore accounts for leases with its tenants as operating leases. Rental revenue includes minimum rents, participating percentage rents and recoveries of operating expenses and property, capital and large corporation taxes.

ii. Income from the sale of properties is recorded when the collection of the proceeds of sale is reasonably assured and all other significant conditions and obligations are met.

f. Cash and Short-term Investments

Cash and short-term investments consist of liquid investments, such as time deposits, money market instruments, commercial paper, and Canadian and foreign government securities carried at the lower of cost and quoted market value.

g. Investments in Affiliates

The Corporation accounts for its investments in affiliates over which it exercises significant influence by the equity method. This method adjusts the original cost of the shares for the Corporation's share of net income or losses and changes in shareholders' equity of the affiliates, less dividends received from the affiliates.

Investments in which the Corporation does not exercise significant influence are accounted for by the cost method. Income is recognized only to the extent of dividends received.

h. Exchangeable Debentures

The carrying amount of the Corporation's exchangeable debentures is based on the market price of the underlying Barrick shares that would be exchanged on the balance sheet date.

Where it is contemplated that delivery of the underlying Barrick shares will be made in satisfaction of the liability, hedge accounting is used whereby the difference between the carrying amount and the original issue amount of the debentures is recorded as a deferred charge until such time as there is a realized gain or loss on exchange, redemption or maturity of the debentures. Where hedge accounting is not used, the difference between the carrying amount and the original issue amount is charged to net income in the period.

i. Income Taxes

The Corporation follows the tax deferral method of accounting for income taxes whereby earnings are charged with income taxes relating to reported earnings. Differences between such taxes currently payable or recoverable are reflected in deferred income taxes and arise because of differences between the time certain items of revenue and expense are reported in the consolidated financial statements and the time they are reported for income tax purposes.

j. Per Share Calculations

Basic income from continuing operations and net income per share were calculated on the basis of the weighted average number of shares outstanding for the year which amounted to 109.5 million shares (1995 — 102.7 million shares).

The calculation of income from continuing operations and net income per share on a fully diluted basis considered the exercise of outstanding share purchase options and warrants. For the years ended December 31, 1996 and 1995 the effects of any exercises would not have been materially dilutive.

Pro forma per share amounts were calculated as if the shares and warrants issued upon the acquisition of the remaining interest in Trizec (32.9 million shares), were issued at the beginning of the fiscal year presented. The number of shares utilized in the calculation of pro forma basic income from continuing operations, net income and cash flow from real estate operations was 136.8 million shares (1995 — 135.5 million shares). The number of shares utilized in the fully diluted calculation of cash flow from real estate operations was 146.8 million shares (1995 — 142.1 million shares).

Interest on the funds which would have been received had the share purchase options and warrants been exercised has been imputed at a rate of 5.35% per annum.

3. Acquisition of Trizec

a. Initial Investment

On July 25, 1994, Horsham purchased 46,508,690 common shares, 5,416,775 rights to purchase common shares and 6,066,684 Class B warrants to purchase common shares of Trizec, for 19,399 shares of Horsham and cash of approximately $428.6 million, for a total acquisition cost of $435.5 million. On October 24, 1994, Horsham paid an additional $48.1 million in connection with the exercise of the acquired rights. Prior to the acquisition of the remaining outstanding shares in Trizec, that took place on October 31, 1996, Horsham held 51,925,465 or approximately 48% of the total common shares outstanding and for financial statements purposes accounted for its investment in Trizec using the equity method of accounting. The following summarizes the carrying value of the Corporation's initial investment in Trizec:

Acquisition on July 25, 1994	$ 435.5
Exercise of rights	48.1
Net income	8.2
Foreign currency translation	(4.2)
December 31, 1994	487.6
Net income	19.0
Foreign currency translation	3.6
December 31, 1995	510.2
Net income	17.4
Foreign currency translation	(1.1)
October 31, 1996	$ 526.5

b. Acquisition of Remaining Interest

Pursuant to a Merger Agreement effective October 31, 1996 ("date of acquisition"), Horsham acquired all of the remaining outstanding Common and Special shares of Trizec by agreeing to exchange each Trizec common share (other than those already held by Horsham) for 0.58 subordinate voting shares of Horsham. The number of shares of TrizecHahn issued under this agreement was 32,862,689 subordinate voting shares with a fair value of $491.6 million. In addition to the exchange of shares, certain Class A Warrants ("the Warrants") to purchase common shares of Trizec were assumed by the Corporation as part of the Merger Agreement. These Warrants are exerciseable at a price of C$14.14 per warrant and allow for the purchase of 0.58 subordinate share of TrizecHahn, for each warrant, on or before July 26, 1999. The number of Warrants assumed by the Corporation amounted to 13,999,860 with a fair value of $20.6 million. The value of these securities was determined based upon the market values of Horsham subordinate voting shares and Trizec Warrants during a reasonable period surrounding the date of acquisition.

The acquisition of the remaining outstanding shares of Trizec has been accounted for using the purchase method of accounting. The fair value of the assets and liabilities acquired on October 31, 1996 based on the consideration paid for the remaining 52% interest, was as follows:

	Trizec net assets at book value	Remaining 52% interest acquired at fair value
Assets and liabilities		
Properties	$ 3,530.3	1,798.0
Cash	97.6	50.8
Other assets	200.8	95.0
Long-term debt	(2,500.6)	(1,309.3)
Other liabilities	(177.7)	(92.3)
Deferred income taxes	(44.2)	(23.0)
Net assets	1,106.2	519.2
Initial investment	(526.5)	
Acquisition cost of remaining interest	(519.2)	
Excess of book value over consideration paid	$ 60.5	
Consideration paid		
Subordinate voting shares issued	$ (491.6)	
Warrants assumed	(20.6)	
Costs of the acquisition	(7.0)	
Total consideration	(519.2)	
Cash acquired	97.6	
Shares issued and warrants assumed	512.2	
Cash provided by the acquisition	$ 90.6	

The acquisition of the remaining 52% interest in Trizec for consideration less than book value has resulted in a $60.5 million net reduction to the carrying values of the assets and liabilities acquired. Subsequent to the acquisition a corresponding charge to net income of $55.8 million (net of a $50.4 million deferred tax recovery) was recorded. This represents a reduction of the 48% interest in property carrying values, established at the time of the Corporation's initial investment in these properties (see Note 12)

4. Properties

	1996	1995
Rental properties:		
At cost	**$ 3,508.2**	—
Accumulated depreciation	**(72.5)**	—
	3,435.7	—
Properties under and held for development	**138.8**	51.9
	$ 3,574.5	51.9

a. In addition to development and construction costs, the following net development expenditures have been capitalized to rental properties under development during the period:

For the years ended December 31	Pro Forma (Note 1) 1996	Pro Forma (Note 1) 1995	1996	1995
Operating costs	$ 0.2	0.2	—	—
Interest expense (Note 8)	7.8	8.3	0.2	—
	8.0	8.5	0.2	—
Less rental revenue	—	(0.1)	—	—
	$ 8.0	8.4	0.2	—

b. Properties carried at a net book value of approximately $1,328.5 million are situated on land held under leases or agreements expiring in the years 2024 to 2079.

Minimum land rental payments for each of the next five years and subsequent are as follows:

Year ending December 31, 1997	$ 8.6
1998	8.7
1999	8.7
2000	8.7
2001	8.8
Subsequent to 2001	345.8
	$ 389.3

Additional rent is payable under certain leases based on rental revenue or net cash flow from properties situated on leased land.

5. Other Assets

	1996	1995
Accounts receivable	$ 72.4	5.9
Mortgages and notes receivable	21.0	—
Deferred income taxes	9.0	—
Prepaid expenses, deferred charges and other	116.0	27.3
	$ 218.4	33.2

6. Investment in Barrick

The investment in Barrick consists of 58,465,584 common shares representing approximately 15.7% of the total common shares outstanding at December 31, 1996 (December 31, 1995 — 16.3%). The Corporation has historically used the equity method of accounting for its investment in Barrick because the Corporation and certain of its directors and senior officers exercised significant influence over the affairs of Barrick.

As a consequence of the current year's dilution in its interest in Barrick, resulting from Barrick's ongoing acquisition strategy, the expectation of similar future transactions, and the fact that the Corporation is now a fully integrated real estate operating company, effective December 31, 1996 the Corporation adopted the cost method of accounting for its investment in Barrick. Future income from this investment will be recognized only to the extent of dividends received. Dividends received from Barrick during the current year were $8.2 million (1995 — $7.0 million).

According to The New York Stock Exchange closing price on December 31, 1996 the quoted market value for the investment was approximately $1.7 billion (December 31, 1995 — approximately $1.5 billion) of which $810.0 million (1995 — $977.0 million) is the market value of the 28,166,026 (1995 — 37,037,004) unencumbered Barrick shares (see Note 9). These market values for Barrick do not necessarily represent the realizable value of the investment, which may be more or less than the indicated market quotation.

Summarized financial information of Barrick is as follows:

	1996	1995
Assets and liabilities		
Current assets	**$ 483**	508
Non-current assets	**4,032**	3,048
Current liabilities	**192**	223
Non-current liabilities	**822**	385
Shareholders' equity	**3,501**	2,949
Results of operations		
Revenue	**1,318**	1,307
Income before taxes	**290**	390
Net income	**218**	292

7. Investment in Clark

Consistent with the strategy underlying the Merger, the Corporation formalized its plan to dispose of its 46% interest in Clark. Clark is an independent refiner and marketer of petroleum products in the United States. The Corporation expects to dispose of its interest in Clark within a one year time horizon. No net loss on disposal of the Corporation's investment in Clark is anticipated.

On December 31, 1992 the Corporation increased its interest in Clark from 60% to 100%. The agreement provided for certain contingent consideration to a maximum of $26.9 million. At December 31, 1996, no amount had been paid and the Corporation anticipates that no amounts will ever be payable under the terms of this agreement.

On February 27, 1995, Clark obtained a portion of the funds necessary to finance its Port Arthur refinery acquisition through the issuance of common stock to an institutional money manager ("the minority shareholder"). As a result of this transaction, the Corporation's interest in Clark was reduced from 100% to 60%. The Corporation is restricted by the agreement with this minority shareholder in its ability to sell its shares in Clark without the minority shareholders' consent, unless certain events occur.

On December 1, 1995, as a result of a transaction that occurred between Clark and subsidiaries of Occidental Petroleum Corporation and Gulf Resources Corporation, the Corporation's interest in Clark was further reduced from 60% to 46%. The Corporation ceased to consolidate Clark's results beginning December 1, 1995 and subsequent to this date had reported Clark's results on an equity accounting basis. The Corporation recorded a dilution gain in 1996 as a result of Clark's receipt of cash for the 1995 transaction.

As a result of the intention to dispose of the Corporation's interest in Clark, the results of operations and changes in cash flow of Clark have been disclosed separately from those of the continuing operations. The operating results of Clark disclosed and reclassified as discontinued operations are as follows:

For the years ended December 31	**1996**	1995
Oil refining and marketing revenue	**$ —**	4,111.9
Cost of sales and operating expenses	**—**	(4,056.4)
General and administrative expenses	**—**	(28.5)
Depreciation and amortization	**—**	(41.2)
Interest and financing costs, net	**—**	(49.8)
Income and other corporate taxes	**—**	21.8
Minority interest related to Clark	**—**	10.4
Dilution gains	**18.4**	24.0
Share of equity net income (loss) of Clark	**(26.0)**	1.3
Loss from discontinued operations of Clark	**$ (7.6)**	(6.5)

8. Long-term Debt

	Weighted average interest rates as at December 31, 1996	**1996**	1995
Collateralized property loans:			
At fixed rates	8.86%	**$ 1,375.2**	—
At variable rates (subject to interest rate caps)	6.34%	**211.8**	—
At variable rates	7.23%	**472.6**	—
Senior Notes due 2005 (at fixed rate)	10.88%	**250.0**	—
Other loans (at fixed rates)	8.28%	**108.9**	—
	8.50%	**$ 2,418.5**	—

a. The Corporation's U.S. $250 million of 10.875% Senior Notes ("the Notes") are due October 15, 2005. The Notes, which are unconditionally guaranteed by Trizec, now a wholly owned subsidiary of the Corporation, are redeemable at the option of the Corporation under certain circumstances.

b. As at December 31, 1996, the Corporation has fixed the interest rates on $103.0 million of the debt classified as fixed in the above table, by way of interest rate swap contracts with a weighted average interest rate of 8.88 %, and maturing between September, 1997 and June, 2000. The costs to unwind these interest swap contracts would amount to approximately $4.4 million as at December 31, 1996.

The Corporation has entered into interest rate cap contracts on variable rate debt as follows:

- contracts expiring in February, 1998 which limit the average annual interest rate on $100 million of U.S. dollar denominated variable rate debt to 9% and on $72.9 million (C$100 million) of Canadian dollar denominated variable rate debt to 9.5%; and
- contracts expiring in January, 1998 and February, 2000, which limit the average annual interest rate on $36.5 million (C$50 million) of Canadian dollar denominated variable rate debt and on $50 million U.S. dollar denominated variable rate debt to 7%. However, these latter contracts contain knockout clauses which leave the Corporation without interest rate protection when interest rates exceed the knockout rates of 9.5% on Canadian dollar denominated debt and 9% on U.S. dollar denominated debt. At December 31, 1996, the knockout rates have not been reached.

The estimated fair value of the Corporation's long-term debt approximates its carrying value as at December 31, 1996.

c. Principal repayments of debt are due as follows:

	U.S. dollar denominated debt	Canadian dollar denominated debt	Total debt
Year ending December 31, 1997	$ 310.9	92.0	402.9
1998	233.1	56.5	289.6
1999	108.9	162.1	271.0
2000	197.1	5.7	202.8
2001	183.4	34.6	218.0
Subsequent to 2001	924.3	109.9	1,034.2
	$1,957.7	460.8	2,418.5

Included in "Other loans" is an unsecured loan in the amount of $88.6 million, which was repaid as scheduled on January 2, 1997.

d. Interest charges consist of:

For the years ended December 31	Pro Forma (Note 1) 1996	Pro Forma (Note 1) 1995	1996	1995
Interest cost, gross	**$ (224.3)**	(217.3)	**(40.3)**	—
Interest capitalized to rental properties under development	**7.8**	8.3	**0.2**	—
Interest expense	**(216.5)**	(209.0)	**(40.1)**	—
Interest income	**36.0**	31.0	**27.6**	18.5
Interest (expense) income, net	**$ (180.5)**	(178.0)	**(12.5)**	18.5

e. Lines of Credit

At December 31, 1996, committed property collateralized credit facilities in the amount of $60.6 million were available. In addition, in August 1996, the Corporation obtained a three year, $250 million revolving credit facility from an institutional lender to facilitate property acquisitions. At December 31, 1996, $25 million was drawn on this facility.

The Corporation has arranged a $150 million uncommitted credit facility, collateralized by Barrick shares. At December 31, 1996 there were no borrowings under this credit facility.

9. Exchangeable Debentures

	1996	1995
$600 million, 3¼% Exchangeable Debentures, due 2018	**$ 600.0**	565.0
$275 million, 3% Exchangeable Debentures, due 2021	**255.0**	—
	$ 855.0	565.0

a. 3¼% Exchangeable Debentures

In December 1993, the Corporation issued $600 million of 3¼% Debentures due December 10, 2018. Interest is payable semi-annually. Each $1,000 principal amount of 3¼% Debentures is exchangeable at the option of the holder for 32.4675 common shares of Barrick, without payment of accrued interest. The 3¼% Debentures are redeemable at the option of the Corporation on or after December 10, 1998 at a price equal to the principal amount plus accrued interest. Upon notice of redemption by the Corporation or within 30 days prior to maturity, the holder has the option to exchange each $1,000 principal amount for between 32.4675 and 35.7143 Barrick common shares (depending upon the current market value of Barrick shares at such time), plus accrued interest payable in cash. The 3¼% Debentures are direct unsubordinated obligations of the Corporation. As of December 31, 1996 the Corporation had placed with a trustee 21,428,580 Barrick shares as collateral for its exchange obligation. This represents the maximum number of Barrick shares that are required to be pledged as collateral.

The Corporation's obligation related to any exchange or redemption can be satisfied through delivery of the cash equivalent of the current market value of Barrick shares at such time, the Barrick shares, or any combination thereof. Satisfaction of the liability with cash would retain the potential benefit of future equity appreciation related to the Barrick shares for the period subsequent to the retirement.

Prior to 1996, the Corporation recorded the 3¼% debentures at the issued amount as permitted by GAAP. Effective December 31, 1996, the accounting treatment with respect to the 3¼% Debentures was changed to be consistent with the accounting treatment for the 3% Debentures issued in 1996, and in accordance with a consensus of the EIC of the CICA. Under this accounting treatment the carrying amount of the 3¼% Debentures is based on the market price of the underlying Barrick shares on the balance sheet date. At December 31, 1996 the 3¼% Debentures are carried at a market value of $600 million (1995 — restated to $565 million). This change in accounting policy has been applied retroactively resulting in the recording of the following revaluation adjustments to net income:

For the years ended December 31	Note	Cumulative Restatement	1996	1995	1994
Revaluation adjustment (expense) income		$ —	**(35.0)**	(88.0)	123.0
Deferred income tax (expense) recovery	10	—	**15.0**	39.0	(54.0)
		$ —	**(20.0)**	(49.0)	69.0

As it is contemplated that delivery of the underlying Barrick shares will be made in satisfaction of the liability, hedge accounting will be applied from January 1, 1997, whereby the difference between the carrying amount and the original issue amount of the 3¼% Debentures is recorded as a deferred charge until such time as there is a realized gain or loss on their exchange, redemption or maturity. This will eliminate net income volatility related to the 3¼% Debentures in future years.

b. 3% Exchangeable Debentures

In January 1996, the Corporation issued $275 million of 3% Debentures due January 29, 2021. The net proceeds from the issue amounted to $264.0 million. Interest is payable semi-annually. Each $1,000 principal amount of 3% Debentures is exchangeable at the option of the holder for 32.2581 common shares of Barrick, without payment of accrued interest. The 3% Debentures are redeemable at the option of the Corporation on or after January 29, 2006 at a price equal to the principal amount plus accrued interest. Upon notice of redemption by the Corporation or within 30 days prior to maturity, the holder has the option to exchange each $1,000 principal amount for 32.2581 Barrick common shares, plus accrued interest payable in cash. The 3% Debentures are direct unsubordinated obligations of the Corporation. As of December 31, 1996 the Corporation had placed with a trustee a further 8,870,978 Barrick shares (see Note 9a. above) as collateral for its exchange obligation. This represents the maximum number of Barrick shares that are required to be pledged as collateral under this issue.

The Corporation's obligation related to any exchange or redemption can be satisfied through delivery of the cash equivalent of the current market value of Barrick shares at such time, the Barrick shares, or any combination thereof. Satisfaction of the liability with cash would retain the potential benefit of future equity appreciation related to the Barrick shares for the period subsequent to the retirement

The carrying amount of the Corporation's 3% Debentures is based on the market price of the underlying Barrick shares on the balance sheet date. As it is contemplated that delivery of the underlying Barrick shares will be made in satisfaction of the liability, hedge accounting has been used since the date of issuance of the debentures, whereby the difference between the carrying amount and the original issue amount of the 3% Debentures is recorded as a deferred charge until such time as there is a realized gain or loss on their exchange, redemption or maturity.

10. Income and Other Corporate Taxes

a. The provision for income and other corporate taxes is as follows:

		Pro Forma (Note 1)			
For the years ended December 31	Note	**1996**	1995	**1996**	1995
Income tax:					
Current		**$ (0.4)**	(0.9)	**(0.4)**	(0.7)
Deferred – operations		**(17.2)**	(19.8)	**2.8**	—
– debenture revaluation	9	**15.0**	39.0	**15.0**	39.0
– valuation adjustment	3 and 12	**50.4**	—	**50.4**	—
Other corporate tax – current		**(3.3)**	(1.3)	**(0.3)**	—
Total tax recovery (expense)		**$ 44.5**	17.0	**67.5**	38.3

b. The provision for income taxes on income from continuing operations differs from the provision computed at statutory rates as follows:

	Pro Forma (Note 1)			
For the years ended December 31	**1996**	1995	**1996**	1995
Income tax recovery (expense) computed at				
Canadian combined federal and provincial statutory rates	**$ 5.4**	(6.4)	**24.0**	12.2
Foreign operations taxed at lower rate	**(3.4)**	2.7	**(6.6)**	—
Utilization of loss carryforwards	**19.4**	1.4	**18.2**	—
Tax on large corporations	**(2.3)**	(2.0)	**(0.2)**	—
State and other capital taxes	**(1.0)**	0.7	**(0.1)**	—
Share of income of affiliates and dilution gains	**31.1**	22.8	**38.8**	31.2
Other	**(4.7)**	(2.2)	**(6.6)**	(5.1)
Total tax recovery (expense)	**$ 44.5**	17.0	**67.5**	38.3

C. At December 31, 1996 the Corporation had loss carryforwards for Canadian income tax purposes available to reduce future Canadian income for tax purposes, the potential benefit of which has not been recognized in the accounts and which expire as follows:

Year ending December 31, 1997	$ 0.3
1998	43.5
1999	50.3
2000	27.6
2001	8.9
2002	47.2
2003	2.8
	$ 180.6

There are capital losses available for Canadian income tax purposes amounting to $4.1 million that can be carried forward indefinitely to apply against future capital gains. In addition, there are tax deductions available in the amount of $123.0 million to be utilized in future years. These amounts have not been recognized in the accounts.

In the United States, the Corporation has approximately $443.6 million in net operating losses for which the potential benefits have been recorded in the balance sheet. These losses are available to be utilized against cash taxes otherwise payable in future years.

11. Shareholders' Equity

	1996	1995
Share capital	**$ 870.3**	345.2
Foreign currency translation adjustment	**(34.8)**	(27.5)
Retained earnings	**533.1**	534.6
	$ 1,368.6	852.3

a. Authorized Share Capital

At December 31, 1996 the authorized share capital of the Corporation consisted of:

- an unlimited number of preferred shares, issuable in one or more series;
- an unlimited number of subordinate voting shares without par value, carrying one vote per share;
- 7,522,283 multiple voting shares without par value. Pursuant to the Merger Agreement, the shareholder has entered into an agreement with the Corporation providing that, until such time as the articles of the Corporation are amended to reduce the votes attached to each share from 50 votes to 18.83 votes, the shareholder will not vote more than 2,832,967 of these shares; and
- 13,999,860 warrants, each warrant exercisable at a price of C$14.14 to acquire 0.58 subordinate voting shares of the Corporation, on or before July 26, 1999.

b. Issued and Outstanding Share Capital

The number of shares and warrants issued and outstanding (in millions) was as follows:

	Note	Voting Shares Subordinate	Multiple	Total	Warrants	Amount
December 31, 1994		94.8	7.5	102.3	—	$ 340.2
Issued during 1995						
– on exercise of stock options		0.7	—	0.7	—	5.0
December 31, 1995		95.5	7.5	103.0	—	345.2
Issued during 1996						
– on exercise of stock options		1.4	—	1.4	—	12.9
– in exchange for Trizec shares	3	32.9	—	32.9	14.0	512.2
December 31, 1996		129.8	7.5	137.3	14.0	$ 870.3

c. Share Purchase Options

The Corporation has a stock option plan in which options may be granted to directors, officers and key employees to purchase shares of the Corporation at prices (in Canadian dollars "C$") which are not below the market price of the shares at the time of the granting of the options. There are stock options outstanding, expiring at various dates to December 2006. Changes in the issued and outstanding share options were as follows:

(millions of options)	**1996**	1995
Outstanding at beginning of year	**5.8**	5.2
Granted at an average price of C$28.85 per share (1995 — C$18.51)	**3.1**	1.4
Assumed as a result of Merger (see below)	**1.9**	—
Cancelled	**(0.1)**	(0.1)
Exercised at an average price of C$12.47 per share (1995 — C$10.21)	**(1.4)**	(0.7)
Outstanding at end of year	**9.3**	5.8
Outstanding at end of year consists of:		
Price range C$ 9.00 — C$ 15.63; weighted average C$ 14.27 (1995 — C$ 13.11)	**2.1**	3.3
Price range C$ 17.00 — C$ 28.85; weighted average C$ 22.74 (1995 — C$ 18.80)	**7.2**	2.5
	9.3	5.8
Exercisable at end of year consists of:		
Price range C$ 9.00 — C$ 15.63; weighted average C$ 14.27 (1995 — C$ 12.50)	**2.1**	2.6
Price range C$ 17.00 — C$22.00; weighted average C$ 18.03 (1995 — C$ 18.89)	**1.8**	0.5
	3.9	3.1

As the result of the Merger, the Corporation has assumed Trizec share purchase options which previously entitled the holders, to purchase up to 3,495,500 Trizec common shares at exercise prices of C$10.00 per share. Each Trizec option is now exercisable for 0.58 of a subordinate voting share of the Corporation (in total 1,895,150), at an effective exercise price of C$17.24.

d. Dividends and Dividend Restrictions

In 1996, the Company declared and paid dividends in United States dollars of $0.07 per share (1995 — $0.07 per share). The various debt arrangements of Trizec and Clark contain certain covenants including limitations on payment of dividends.

In accordance with the Merger Agreement, the Corporation intends to adopt a dividend policy appropriate for a growth-oriented public real estate company, initially paying a dividend at the rate of approximately $0.25 per share per annum.

e. Foreign Currency Translation Adjustment

	1996	1995
Beginning of year	**$ (27.5)**	(36.5)
Changes in exchange rate on opening net investment	**(6.7)**	8.9
Exchange rate changes on current period transactions	**(1.9)**	(0.5)
Recognition into income	**1.3**	0.6
End of year	**$ (34.8)**	(27.5)

The balance in the foreign currency translation adjustment account arose primarily from the Corporation's translation of its Barrick investment during prior periods. Portions of this amount are recognized in net income when there is a reduction in the Corporation's net investment in Barrick.

12. Dilution Gains and Other, Net

For the years ended December 31	Note	**1996**	1995
Dilution gain – Barrick		**$ 38.9**	7.0
Valuation adjustment	3	**(106.2)**	—
Other		**(2.5)**	2.1
		$ (69.8)	9.1

The dilution gain resulted from the issuance of common shares by Barrick for amounts in excess of the Corporation's carrying value.

As a consequence of having acquired the remaining 52% interest in Trizec, a reduction in property values of $106.2 million was recorded related to 48% of the Corporation's initial investment in properties which are being considered for disposition in the near term. A deferred tax recovery of $50.4 million was recorded related to this valuation adjustment (see Note 10), resulting in a net charge to income of $55.8 million.

13. Segmented Information

As a result of the Merger, the Corporation is now a fully integrated real estate development and operating company, primarily focused in the United States and Canada, and its activities include the acquisition, development and operation of rental properties, consisting of retail centers and office properties.

The following summary presents key information by segment on a pro forma basis for the year ended December 31, 1996 and 1995 and only for 1996, reflecting the consolidated results of Trizec subsequent to the Merger on October 31, 1996 (see Notes 1 and 3).

	Pro Forma (Note 1)								
For the years ended	United States		Canada		Total		United States	Canada	Total
December 31	1996	1995	1996	1995	1996	1995	1996	1996	1996
Office properties									
Rental operations									
Revenue	$ 171.4	115.7	182.7	189.8	354.1	305.5	33.8	31.3	65.1
Operating costs	(84.0)	(52.6)	(81.5)	(86.5)	(165.5)	(139.1)	(16.8)	(14.9)	(31.7)
Rental income	$ 87.4	63.1	101.2	103.3	188.6	166.4	17.0	16.4	33.4
Depreciation expense	$ (8.1)	(4.9)	(13.4)	(11.2)	(21.5)	(16.1)	(1.5)	(3.1)	(4.6)
Retail centers									
Rental operations									
Revenue	$ 243.0	236.0	—	—	243.0	236.0	47.0	—	47.0
Operating costs	(93.0)	(96.6)	—	—	(93.0)	(96.6)	(17.6)	—	(17.6)
Rental income	$ 150.0	139.4	—	—	150.0	139.4	29.4	—	29.4
Depreciation expense	$ (18.4)	(16.6)	—	—	(18.4)	(16.6)	(3.4)	—	(3.4)

	United States		Canada		Total	
As at December 31	1996	1995	1996	1995	1996	1995
Rental properties, net book value						
Office properties	$ 1,012.8	—	861.0	—	1,873.8	—
Retail centers	1,561.9	—	—	—	1,561.9	—
	$ 2,574.7	—	861.0	—	3,435.7	—

In the office portfolio, operations are concentrated in the downtown central business districts in Houston, Calgary and Montreal. In the retail center portfolio, operations are concentrated in the State of California.

14. Joint Ventures

In its real estate operations, the Corporation participates in incorporated and unincorporated joint ventures and partnerships with other venturers in various operating properties which are accounted for using the proportionate consolidation method. In most instances, these projects are managed by the Corporation. The consolidated financial statements include the Corporation's proportionate share of assets, liabilities, revenue, expenses and cash flow.

a. The following amounts represent the total assets and liabilities of joint ventures in which the Corporation participates and its proportionate share of the assets and liabilities.

	Total		Proportionate Share	
As at December 31	**1996**	1995	**1996**	1995
Assets	**$ 2,747.0**	—	**1,391.0**	—
Liabilities	**1,184.0**	—	**613.6**	—

b. The following summary presents the Corporation's proportionate share of revenue, expenses and cash flows of joint ventures in which the Corporation participates on a pro forma basis for the years ended December 31, 1996 and 1995 and only for 1996, reflecting the consolidated results of Trizec subsequent to the Merger on October 31, 1996 (see Notes 1 and 3).

	Pro Forma (Note 1)		
For the years ended December 31	**1996**	1995	**1996**
Revenue	**$ 187.3**	206.3	**31.2**
Expenses	**(144.0)**	(161.5)	**(24.0)**
Cash flow from (applied to):			
Operating activities	**59.0**	53.7	**9.8**
Financing activities	**(37.4)**	76.2	**(18.9)**
Investing activities	**29.8**	(89.5)	**35.5**

c. The Corporation is contingently liable for obligations of its partners in such joint ventures. In each case, all of the assets of the joint venture are available for the purpose of satisfying such obligations.

15. Contingencies

a. The Corporation is contingently liable under guarantees that are issued in the normal course of business and with respect to litigation and claims that arise from time to time. In the opinion of management, any liability which may arise from such contingencies would not have a material adverse effect on the consolidated financial statements of the Corporation.

b. The Corporation, through TrizecHahn Office Properties Ltd., a subsidiary of Trizec, owns a 50% interest in the Calgary office property, Western Canadian Place, through a joint venture with Husky Oil Operations Ltd. (together with its affiliates, "Husky"). Husky, as a tenant, leases approximately 1.1 million square feet of gross leaseable area which constitutes substantially all of the office space in the property. The lease, which was executed in 1983 and expires in 2003 calls for formula based rental rates, which Husky apparently believes have been significantly above prevailing market rents. The rent under the lease is calculated, in part as a function of the debt service constant under the joint venture's mortgage bond financing, which was incurred in a relatively high interest rate environment. The Corporation's share of contractual steps in place to the end of the lease amount to approximately $8 million, on a cumulative basis. Husky repeatedly requested a unilateral reduction in its rental rates. Efforts to negotiate a mutually beneficial restructuring of the arrangements between Husky and Trizec were unsuccessful.

During 1995, Husky informed Trizec that it had acquired the outstanding mortgage bonds ($57.6 million of principal and accrued interest expense as at December 31, 1996) encumbering the property and purported to make a gift of the bonds to the joint venture. Husky maintains that such a gift extinguished the bonds, thus eliminating the debt service constant, resulting in a reduction of a significant portion of its rent. In September 1995, Husky commenced tendering rent in the reduced amount that it claims to be due and Trizec, as manager of the property, rejected the tendered rent. Trizec commenced an action in the Court of Queen's Bench of Alberta (the "Court") seeking among other things, a declaration that the purported gift is ineffective and that the full previous rent remains due and payable. Management believes that the purported unilateral action by Husky is not legally effective to cause a reduction in Husky's rental obligation. Husky has filed a counterclaim in such action seeking substantial damages claiming, in essence, among other things, that Trizec should not have permitted the original rental and financing arrangements to have been put in place during the early 1980s.

In December 1995, Trizec and Husky reached an interim agreement reflected in a consent order issued by the Court, that provides, while the dispute is pending, that no payments will be made on the mortgage bonds, that the joint venture will distribute the reduced rent to the venturers, and that Husky will arrange for a letter of credit in an amount that increases monthly, equal to the difference between the amounts that would be available for distribution by the joint venture to Trizec if Husky paid rent at the full original rate and the amounts actually distributed by the joint venture to Trizec based upon the reduced payments. This letter of credit is payable to the Court for the sole benefit of the Corporation if Husky fails to remit unpaid rent when ordered to do so at the conclusion of the lawsuit. Payment under the letter of credit will be determined by an order of the Court. This arrangement is without prejudice to the Corporation's position in any respect. At December 31, 1996, the amount owing by Husky under this interim arrangement and reflected in the Corporation's balance sheet, secured by the letter of credit, was approximately $18 million.

Management is of the view that the counterclaim is without merit. Nevertheless, the cash flow generated by the property has been interrupted as a consequence of Husky's actions. Irrespective of the merits of the Corporation's position, the uncertainties of litigation are such that there is a risk that Husky's actions may be effective to cause a material reduction in the Corporation's net income and net cash flow after debt service from this property. The property's contribution to the Corporation's pro forma cash flow from real estate operations in 1996 and 1995 was approximately $12.0 million. Pro forma cash flow from real estate operations for 1996 would have been reduced by approximately $9.3 million (1995 — $2.9 million) if the purported gifting of the bonds was assumed to be effective in reducing Husky's rental payments, excluding the positive impact of the reduction in the outstanding mortgage bonds which, at December 31, 1996, amounts to 50% of $57.6 million or $28.8 million.

16. Differences From United States Accounting Principles

Canadian GAAP varies in certain significant respects from the principles and practices generally accepted in the United States ("U.S. GAAP") as described below. The approximate effect of these principal differences on the Corporation's balance sheets, statements of income, and statements of changes in cash flow are quantified below and described in the accompanying notes:

For the years ended December 31	Note	Pro Forma (Note 1) 1996	Pro Forma (Note 1) 1995	1996	1995
Income from continuing operations as reported		$ 32.3	31.4	13.4	10.8
Building depreciation		(36.8)	(37.6)	(20.8)	(18.0)
Deferred income taxes		(8.7)	0.4	(22.3)	(9.8)
Other		3.7	6.9	2.1	3.1
Income (loss) from continuing operations under U.S. GAAP		(9.5)	1.1	(27.6)	(13.9)
Loss from discontinued operations as reported		(7.6)	(6.5)	(7.6)	(6.5)
Deferred income taxes		8.7	(17.8)	8.7	(17.8)
Other		—	(0.3)	—	(0.3)
Income (loss) from discontinued operations under U.S. GAAP		1.1	(24.6)	1.1	(24.6)
Net income (loss) under U.S. GAAP before effect of change in accounting policy		(8.4)	(23.5)	(26.5)	(38.5)
Effect of change in accounting policy	9	20.0	49.0	20.0	49.0
Net income (loss) under U.S. GAAP		$ 11.6	25.5	(6.5)	10.5
Income per share from continuing operations – Primary and fully diluted		$ (0.07)	0.01	(0.24)	(0.13)
Net income per share – Primary and fully diluted		$ 0.08	0.18	(0.06)	0.10
Weighted average numbers of shares outstanding during the year (millions) – Primary and fully diluted		140.6	139.3	113.3	103.4

The incorporation of the differences in accounting principles into the consolidated balance sheets as at December 31, 1996 and December 31, 1995 results in the following balance sheets presented under U.S. GAAP:

	1996	1995
Properties	**$ 3,562.9**	51.9
Cash and cash equivalents	**344.5**	231.8
Other assets	**289.3**	48.2
Investment in Barrick	**1,681.0**	551.0
Investment in Clark	**108.1**	113.7
Investment in Trizec	—	496.4
	$ 5,985.8	1,493.0
Long-term debt	**$ 2,418.5**	—
Exchangeable debentures	**855.0**	600.0
Accounts payable and accrued liabilities	**215.3**	12.3
Deferred income taxes	**594.0**	198.2
Shareholders' equity	**1,903.0**	682.5
	$ 5,985.8	1,493.0

The following is a reconciliation of Shareholders' Equity incorporating the differences between Canadian and U.S. GAAP:

	1996	1995
Shareholders' equity under Canadian GAAP	**$ 1,368.6**	852.3
Cumulative adjustments to net income	**(179.3)**	(167.0)
"Available for sale" valuation adjustment	**716.5**	—
Cumulative adjustment to share capital	**(2.8)**	(2.8)
Shareholders' equity under U.S. GAAP	**$ 1,903.0**	682.5

U.S. GAAP defines cash and cash equivalents to include cash and short-term, highly liquid investments with original maturities of three months or less; whereas under Canadian GAAP, the Corporation defines cash to include cash and short-term investments. The adjustment to financing and investing activities in 1995 relates to the classification of long-term debt assumed on acquisition of properties, which U.S. GAAP defines as a non-cash activity. As a result, certain items in the consolidated statements of cash flow under U.S. GAAP would be as follows:

	Pro Forma (Note 1)			
FOR THE YEARS ENDED DECEMBER 31	**1996**	1995	**1996**	1995
Cash flows from (applied to)				
Operating activities	**$ 87.9**	81.7	**27.6**	(13.1)
Financing activities	**151.3**	98.2	**176.3**	(2.2)
Investing activities	**(126.5)**	(36.4)	**(91.2)**	85.0
INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS	**112. 7**	143.5	**112.7**	69.7
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS	**—**	(26.8)	**—**	(26.8)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**$ 112.7**	116.7	**112.7**	42.9
Cessation of consolidating Clark			**—**	(136.6)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR			**231.8**	325.5
CASH AND CASH EQUIVALENTS, END OF YEAR			**344.5**	231.8

a. Change in accounting policy – Under U.S. GAAP, the cumulative effect of the change in method of accounting for the 3% Exchangeable Debentures (see Note 9), would be charged to 1996 net income. For Canadian GAAP, the change in method has been applied retroactively, resulting in a restatement of prior year amounts.

b. Rental property depreciation — Rental properties are depreciated using the sinking fund method whereas under U.S. GAAP, rental properties are depreciated on a straight-line basis. In recomputing depreciation on a straight-line basis, an estimated salvage value of 5% of building cost is used and a "half year" convention is applied to additions. The additional depreciation is comprised of $7.1 million (1995 — $5.2 million) for Canadian properties and $13.7 million (1995 — $12.8 million) for U.S. properties. On a pro forma basis the additional depreciation is comprised of $12.5 million (1995 — $10.9 million) for Canadian properties and $24.3 million (1995 — $26.7 million) for U.S. properties.

c. Investment in Barrick – For U.S. GAAP purposes, the investment in Barrick which effective December 31, 1996 is accounted for on the cost basis, is considered an investment "available for sale" and is required to be carried at market value. As detailed in Note 6, the quoted market value for the investment was approximately $1.7 billion at December 31, 1996, resulting in a increase to shareholders' equity of $716.5 million, net of a deferred tax liability of $358.5 million.

d. Deferred income taxes — Under Canadian GAAP, the deferral method of accounting for income taxes is followed. U.S. GAAP requires the liability method of accounting for income taxes.

In addition, companies in the U.S. which allocate fair value to their assets and liabilities after a purchase are required to identify and record separately the deferred taxes relating to differences between the accounting and the tax bases of assets and liabilities. In Canada such differences are taken into account in determining values.

The deferred tax assets (liabilities) of the Corporation under U.S. GAAP are as follows:

	1996	1995
CANADA		
Financing and other charges	$ 54.2	6.3
Operating and capital losses	79.6	20.7
Investments and properties	(547.2)	(198.2)
	(413.4)	(171.2)
Less: valuation allowance	124.8	27.0
	(538.2)	(198.2)
UNITED STATES		
Operating losses	161.9	—
Properties and related assets	(217.7)	—
	(55.8)	—
	$ (594.0)	(198.2)

e. Proportionate consolidation — The accounts of all incorporated and unincorporated joint ventures and partnerships are proportionately consolidated according to the Corporation's ownership interest. Under U.S. GAAP, proportionate consolidation is not permitted for joint ventures and the cost, equity or full consolidation methods of accounting must be followed, as appropriate. As permitted by the United States Securities and Exchange Commission, the effects of this difference in accounting principles is not reflected above.

f. Accounting for stock options — The Corporation accounts for its stock compensation using the intrinsic value method. Effective in 1996, U.S. GAAP requires companies that follow this method to disclose the cost of stock compensation awards at their fair value, at the date the award is granted. The valuation of the TrizecHahn options is estimated using the Black-Scholes model with assumptions of: a 4 year expected term; 19% to 22% volatility; and interest rates ranging between 5.1% to 8.2%. Under U.S. GAAP the cost of stock compensation for the period ending December 31, 1996 would be $3.6 million (1995 — $0.4 million). This would result in a net loss of $10.1 million or a net loss of $0.09 per share (December 31, 1995 — net income of $10.1 million, or $0.10 per share).

Management's Responsibility for Financial Information

The Corporation's consolidated financial statements and all of the data included in this annual report have been prepared by and are the responsibility of the Board of Directors and management of the Corporation. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and reflect management's best estimates and judgments based on currently available information.

The Corporation has developed and maintains a system of internal accounting controls in order to assure, on a reasonable and cost effective basis, the reliability of its financial information. The system is monitored by the Corporation's internal auditor and reviewed by the Audit Committee of the Board of Directors. The Corporation's internal auditor evaluates and reports on the effectiveness of the control system both to management and the Audit Committee of the Board of Directors.

The consolidated financial statements have been audited by Coopers & Lybrand, Chartered Accountants. Their report outlines the scope of their examination and opinion on the consolidated financial statements.

Auditors' Report

To the Shareholders of TrizecHahn Corporation

We have audited the consolidated balance sheets of TrizecHahn Corporation as at December 31, 1996 and 1995 and the consolidated statements of income, retained earnings, and changes in cash flow for each of the years in the two year period ended December 31, 1996. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1996 and 1995 and the results of its operations and the changes in its cash flow for each of the years in the two year period ended December 31, 1996 in accordance with accounting principles generally accepted in Canada.

Coopers & Lybrand

Chartered Accountants
Toronto, Canada
January 31, 1997

Shareholder Information

Stock Exchange Listings

New York
Toronto
Montreal

Index Listings

TSE 300
TSE 100
TSE Real Estate Index
Wilshire Real Estate Securities Index

Trading Symbol

TZH

Shares Outstanding

at December 31, 1996 (millions)

Subordinate Voting	129.8
Multiple Voting	7.5

Closing Price of Shares

at December 31, 1996

New York Stock Exchange	$22.00
The Toronto Stock Exchange	C$29.95

Share Trading Information

The principal markets for Corporation's Subordinate Voting Shares are the New York Stock Exchange and The Toronto Stock Exchange. There is no established public trading market for the Corporation's Multiple Voting Shares.

	New York Stock Exchange			The Toronto Stock Exchange		
1996	Share Volumes (millions)	High	Low	Share Volumes (millions)	High	Low
First quarter	20.9	$ 14.88	$ 13.50	4.7	C$ 20.88	C$ 18.13
Second quarter	13.3	15.25	13.75	3.7	20.75	18.85
Third quarter	20.2	16.38	12.13	15.4	22.30	17.00
Fourth quarter	24.9	22.00	15.75	21.9	30.15	21.50
1995						
First quarter	13.4	$ 14.00	$ 11.63	1.9	C$ 19.50	C$ 16.38
Second quarter	11.7	14.25	13.25	2.2	19.25	18.00
Third quarter	9.4	15.00	13.00	0.7	20.25	17.38
Fourth quarter	11.4	14.13	13.13	0.6	19.38	17.75

Class A Warrants

Holders of the Corporation's Class A Warrants are entitled to acquire, upon compliance with the conditions set forth in the Warrant Indenture, 0.58 of a Subordinate Voting Share for each Warrant, at the exercise price of C$14.14. The Warrants are exercisable up until July 26, 1999.

The Warrants are listed on the New York, Toronto and Montreal stock exchanges.

1996	Volume (Thousands)	High	Low	Close
New York Stock Exchange	677	$ 4.63	$ 2.25	$ 4.38
The Toronto Stock Exchange	4,418	C$ 6.15	C$ 3.45	C$ 5.85
Warrants outstanding, at December 31, 1996 (millions)				14.0

Note: These Warrants were originally issued by Trizec Corporation Ltd., and were converted on a one-for-one basis into TrizecHahn Class A Warrants as a result of the merger. The information above is only for the period from November 4 to year-end when they traded as TrizecHahn Warrants.

Exchangeable Debentures

The Corporation's $600 million of 3¼% Debentures are due December 10, 2018. These Debentures are exchangeable at the option of the holder for common shares of Barrick Gold Corporation.

The Corporation's $275 million of 3% Debentures are due January 29, 2021. These Debentures are exchangeable at the option of the holder for common shares of Barrick Gold Corporation.

Both Debentures are listed on The Toronto Stock Exchange.

Senior Notes

The Corporation's $250 million of 10.875% Senior Notes are due October 15, 2005. The Notes are listed on the New York Stock Exchange.

Form 40-F

Annual report on Form 40-F is filed with the United States Securities and Exchange Commission. This report will be made available to shareholders, without charge, upon written request to the Secretary of the Corporation.

Transfer Agent

Investors are encouraged to contact The R-M Trust Company for information regarding their security holdings. They can be reached at:

The R-M Trust Company
393 University Avenue, 5th Floor
Toronto, Ontario M5G 2M7
Answerline: (416) 813-4600
Toll-free within Canada and United States:
(800) 387-0825
E-mail: invcorr@rmtrust.ca

Annual Meeting

The Annual Meeting of Shareholders will be held on Thursday, May 8, 1997 at 11:00 a.m. in the Ballroom, Royal York Hotel, 100 Front Street West, Toronto, Ontario.

Investor Relations

BCE Place, 181 Bay Street
Suite 3900, Box 800
Toronto, Ontario M5J 2T3
Telephone: (416) 361-7200
Toll-free within Canada and United States:
(800) 891-7017
Fax: (416) 361-7201
E-mail: info@trizechahn.com

Contact:
Upkar S. Arora
Senior Vice President, Finance

Directors and Officers

Directors

C. William D. Birchall (b)(c)
Toronto, Ontario
Vice Chairman
TrizecHahn Corporation

Dieter Bock
London, England
Vice Chairman
TrizecHahn Corporation

Willard J. L'Heureux
Toronto, Ontario
Managing Director, International
TrizecHahn Corporation

The Right Honourable
Brian Mulroney (b)
Montreal, Quebec
Senior Partner
Ogilvy Renault

Peter Munk (c)
Toronto, Ontario
Chairman and
Chief Executive Officer
TrizecHahn Corporation

Jeremiah W. O'Connor, Jr. (c)
Bronxville, New York
Chairman and
Chief Executive Officer
The O'Connor Group

Karl Otto Pöhl
Kronberg, Germany
Partner
Sal. Oppenheim jr. & Cie.

Thomas S. Quinn, III (a)(c)
New York, New York
Managing Director
J.P. Morgan Capital Corporation

Joseph L. Rotman (a)
Toronto, Ontario
Chairman and
Chief Executive Officer
Clairvest Group Inc.

Glenn J. Rufrano (b)(c)
Bellmore, New York
President and
Chief Operating Officer
The O'Connor Group

Andrew Sarlos (a)
Toronto, Ontario
Chairman and Director
Andrew Sarlos & Associates
Limited

Gregory C. Wilkins (c)
Markham, Ontario
President and
Chief Operating Officer
TrizecHahn Corporation

(a) Member of the Audit Committee
(b) Member of the Compensation, Nominating and Corporate Governance Committee
(c) Member of the Executive Committee

Corporate Governance

TrizecHahn considers effective corporate governance to be important to its success. The Corporation's approach to corporate governance is set out in its Management Information Circular.

Officers

Peter Munk
Chairman and
Chief Executive Officer

C. William D. Birchall
Vice Chairman

Dieter Bock
Vice Chairman
President TrizecHahn Europe

Gregory C. Wilkins
President and
Chief Operating Officer

Willard J. L'Heureux
Managing Director, International

Richard J. Steets
Executive Vice President
Corporate Development
and General Counsel

Gregory W. Sullivan
Executive Vice President and
Chief Financial Officer

Lee H. Wagman
Executive Vice President
President TrizecHahn Centers

Casey R. Wold
Executive Vice President
President TrizecHahn Office
Properties

J. Douglas Bradley
Managing Director,
Corporate Development

Upkar S. Arora
Senior Vice President, Finance

Robert B. Wickham
Senior Vice President
and Treasurer

Sari L. Diamond
Vice President and
Corporate Secretary

Luigi L. Favit
Vice President and Controller

James Hutchison
Vice President, Taxation

Arthur G. Lloyd
Vice President, Acquisitions
and Asset Sales

Norman W. V. Purves
Vice President, Development

TrizecHahn
CORPORATION

ANNUAL INFORMATION FORM

MARCH 24, 1997

CONTENTS

1996 FINANCIAL AND OPERATING HIGHLIGHTS

Year Ended December 31 (U.S.$ millions, except per share amounts)	**Pro Forma 1996**(1)	**Pro Forma 1995**(1)	**1996**	**1995** (restated)(2)
Rental revenue	**$597.1**	541.5	**112.1**	
Rental income	**338.6**	305.8	**62.8**	
Income from continuing operations	**32.3**	31.4	**13.4**	10.8
Net income	**24.7**	24.9	**5.8**	4.3
Cash flow from real estate operations	**125.8**	100.1		
Per share:				
Income from continuing operations:				
- basic	**0.24**	0.23	**0.12**	0.11
Net income:				
- basic	**0.18**	0.18	**0.05**	0.04
Cash flow from real estate operations:				
- basic	**0.92**	0.74		
- fully diluted	**0.89**	0.73		
Weighted average shares outstanding:	**136.8**	135.5	**109.5**	102.7
- basic				
- fully diluted	**146.8**	142.2		

As at December 31 (U.S.$ millions)	**1996**	**1995** (restated)(2)
Real estate assets	**$3,792.9**	85.1
Cash and short-term investments	**404.2**	246.8
Investments in affiliates (Barrick at market value)(3)	**1,789.1**	2,165.9
Total assets (Barrick at market value)(3)	**$5,986.2**	2,497.8

Number of properties	**66**	75
Gross leasable area (sq. ft. millions)	**52**	53
Mall tenant sales (per sq. ft.)	**$331**	296
Occupancy - Office Portfolio	**86%**(4)	89%
Occupancy - Retail Centers Portfolio	**85%**(5)	88%

(1) Pro forma consolidated financial data is presented as if the transaction, in which the Corporation acquired the 52% interest in Trizec Corporation Ltd. it did not previously own, had occurred at the beginning of the fiscal period presented. See Note 1b to the 1996 Consolidated Financial Statements.

(2) 1995 financial information has been restated to retroactively apply a change in accounting policy with respect to the 3¼% exchangeable debentures whereby their carrying value is based on the market value of the underlying Barrick shares on the balance sheet date. See Note 9a to the 1996 Consolidated Financial Statements.

(3) Based on number of Barrick shares held times the share price on the balance sheet date. This market value does not necessarily represent the realizable value of the investment, which may be more or less than the indicated market quotation.

(4) Decline from 1995 due primarily to Allen Center acquired in November 1996 with a 76% occupancy level.

(5) Decline from 1995 due primarily to two properties which are being strategically managed for possible redevelopment.

GENERAL

In this Annual Information Form, the term "Corporation" or "TrizecHahn" refers to Trizec Hahn Corporation and all or some of its subsidiaries collectively or to one or more of the subsidiaries of the Corporation. Unless otherwise indicated, all dollar amounts are expressed in United States dollars, references to "U.S.$" or "$" are to United States dollars and references to "Cdn.$" or "C$" are to Canadian dollars.

All financial statements and financial data derived therefrom presented in this Annual Information Form and in the documents incorporated by reference herein have been prepared and presented in U.S.$ in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and thus may not be comparable to financial statements of United States companies. For a reconciliation of Canadian GAAP to United States generally accepted accounting principles ("U.S. GAAP") as applied to the audited consolidated financial statements of TrizecHahn at December 31, 1996 and 1995 and for each of the years ended December 31, 1996 and 1995 ("1996 Consolidated Financial Statements"), see Note 16 to the 1996 Consolidated Financial Statements.

Consistent with the 1996 Consolidated Financial Statements (as described in Note 16 to such financial statements), with the exception of "Selected Historical Consolidated Financial Information" and unless otherwise noted, all income statement and cash flow information presented in this Annual Information Form refers to that prepared on a pro forma basis. The pro forma information is presented as if the transaction in which the Corporation acquired the 52% interest in Trizec Corporation Ltd. that it did not previously own occurred at the beginning of the fiscal year presented. No other adjustments were made to the underlying financial statements and data.

Incorporated herein by reference are (i) the 1996 Consolidated Financial Statements and (ii) Management's Discussion and Analysis of Financial Condition and Results of Operations ("Management's Discussion and Analysis"), a copy of which is also reproduced in this document in Appendix A.

The following areas have been discussed in Management's Discussion and Analysis and, accordingly, are not repeated elsewhere in the body of this document:

- Historical Financial Review
- Results Of Real Estate Operations
- Capital Structure and Liquidity
- Risk Management and Outlook

OVERVIEW

TrizecHahn is a fully-integrated growth-oriented real estate development and operating company. TrizecHahn is one of the largest publicly traded real estate companies in North America, with total assets of $4.9 billion at book value and total market capitalization (including debt) at March 21, 1997 of approximately $6.4 billion. Through its wholly-owned subsidiaries the Corporation acquires, develops, manages and owns income-producing commercial real estate comprised primarily of office buildings in the United States and Canada and super-regional retail centers in the United States.

At December 31, 1996, the Corporation owned interests in a portfolio of 66 properties containing approximately 51.5 million square feet. Approximately 70% of TrizecHahn's total rental income or net operating income ("NOI") for the year ended December 31, 1996 was derived from properties located in the

United States and 30% from properties in Canada. TrizecHahn derived approximately 56% of its NOI from office properties and 44% from retail properties for the year ended December 31, 1996.

A majority of TrizecHahn's office space is in Class A properties located in central business districts ("CBDs") of major North American cities, such as Houston, Calgary, Dallas and, as a result of a recent acquisition, New York. At December 31, 1996, the office portfolio consisted of ownership interests in 38 properties, 21 in the United States and 17 in Canada, comprising a total of 26 million square feet. The Corporation's retail portfolio consisted of ownership interests in 28 U.S. retail centers comprising approximately 25 million square feet of gross leaseable area ("GLA") in 10 states. These retail centers are primarily dominant super-regional centers in major metropolitan areas that cater to upper-income customers ("major market centers"). The balance of the retail portfolio consists of centers located in smaller communities and are oriented to middle-income customers ("mid-market centers"). Of the total retail portfolio square footage, 63% was located in California.

The Corporation has an established European operation, TrizecHahn Europe (Properties) GmbH ("TrizecHahn Europe"), as well as a satellite office in Hong Kong, through which the Corporation is pursuing an international expansion program aimed at applying its North American real estate expertise to developing markets. In Europe, it currently has offices in Berlin, Prague and Budapest. The Corporation's investment outside of North America does not currently comprise a significant portion of its assets.

TrizecHahn also holds substantial interests in two other companies consisting of a 15.7% interest in Barrick Gold Corporation ("Barrick"), the value of which it intends to use for investment in real estate growth opportunities, and a 46% interest in Clark USA, Inc. ("Clark"), which it intends to divest, distribute or otherwise dispose of. Barrick is the second largest gold mining company in the world with reserves of over 51 million ounces at December 31, 1996. Clark is the fourth largest independent oil refining company in the United States, a leading independent marketer of refined petroleum products in the central United States and has over 800 gasoline and convenience stores.

The Corporation is an Ontario corporation. In July 1994, the Corporation (then known as The Horsham Corporation) acquired 48% of Trizec Corporation Ltd. ("Trizec"). In the Fall of 1996, the Corporation acquired the remaining 52% of Trizec it did not previously own by issuing additional Subordinate Voting Shares (the "Merger") and was renamed Trizec Hahn Corporation.

The Corporation is structured as a real estate operating company, not a real estate investment trust ("REIT"). Consequently, it can pay lower levels of dividends to retain capital for growth. The Corporation also has greater flexibility to sell assets and pursue growth oriented rental real estate opportunities outside of North America and in related businesses. However, similar to REITs, the Corporation is not in a current tax paying position with respect to United States and Canadian federal income taxes due to significant available tax loss carryforwards.

BUSINESS AND PROPERTIES

Portfolio Highlights

The following table sets forth certain information regarding the Corporation's properties by operating segment, including the number of properties, information relating to square footage and pro forma NOI for the year ended December 31, 1996.

	Number of Properties[1]	Total Square Footage (millions)	Square Footage Excluding Tenant Owned Space[2] (millions)	Square Footage Owned by TrizecHahn (millions)	% of Total Square Footage Owned by TrizecHahn	Pro Forma NOI for Year Ended Dec. 31, 1996[3] (millions)	% of Total Pro Forma NOI
Office							
U.S.	21	15.4	15.4	13.7	45%	$ 88	26%
Canada	17	10.8	10.8	9.1	30%	101	30%
Total Office	38	26.2	26.2	22.8	75%	189	56%
U.S. Retail Centers							
Major Market	20	19.8	9.1	5.6	18%	122	36%
Mid-Market	8	5.5	4.0	2.3	7%	28	8%
Total U.S. Retail Centers	28	25.3	13.1	7.9	25%	150	44%
Total Portfolio	66	51.5	39.3	30.7	100%	$339	100%

Notes:

(1) Excludes properties under and held for development.

(2) Tenant owned space consists primarily of space owned by retail anchor tenants.

(3) For an explanation of pro forma NOI, see Note 1b to the 1996 Consolidated Financial Statements.

Operational Highlights

The table below sets forth information regarding occupancy, leasing, rental rates and tenant sales by operating segment.

	Occupancy[1]	New Leasing and Renewals[2] (sq. ft. millions)	Rental Rate Uplift (Rolldown)[3] (per sq. ft.)	Tenant Sales[2] (per sq. ft.)
Office				
U.S.	82%	2.3	$ (2)	
Canada	92%	1.1	(2)	
Total Office	86%	3.4	$ (2)	
U.S. Retail Centers				
Major Market	87%	0.6	$ 7	$364
Mid-Market	75%	0.3	-	216
Total U.S. Retail Centers	85%[4]	0.9	$ 5	$331

Notes:

(1) Reflects percentage of total square footage that is leased and occupied for the office portfolio at December 31, 1996, and the percentage of mall store GLA that is leased and occupied for the U.S. retail center portfolio, excluding commitments to lease and specialty leasing and temporary tenants.

(2) Represents 100% of portfolio, not TrizecHahn's proportionate share.

(3) Represents the difference between (i) new or renewal net rent, and (ii) net rent plus percentage rent on expiring leases.

(4) Occupancy would have been 92% at December 31, 1996 if space occupied under retail specialty leases were included.

STRATEGY FOR GROWTH

The Corporation's primary business objective is to create growth in cash flow from operations to maximize the long-term total return to its shareholders. The Corporation believes it can accomplish this objective by: (i) opportunistically acquiring office properties; (ii) developing and redeveloping retail properties; (iii) maximizing cash flow from existing properties; (iv) continuing its active asset management program, including dispositions of low growth assets and acquisitions of additional interests in existing retail properties; (v) pursuing international opportunities; (vi) pursuing related real estate activities such as airport developments; and (vii) strategically managing its capital.

Opportunistically Acquiring Office Properties

TrizecHahn seeks to expand its portfolio by continuing to acquire office properties, primarily in the United States. The Corporation invests in properties which it believes afford the opportunity to apply the Corporation's operating, leasing and financial expertise to achieve superior returns on investment, and capitalize on the economies of scale derived from its presence throughout North America.

TrizecHahn targets well-located office properties offering a high current yield on investment where its leasing expertise can enhance long-term value. Specifically, buildings with significant currently vacant space or potential vacant space from expiring major leases or below market rents that the Corporation believes it can re-lease at higher rents are candidates for acquisition. TrizecHahn's acquisition strategy is driven more by return considerations and opportunities to acquire properties at substantial discounts to replacement cost than by regional focus. The Corporation intends to continue to capitalize on the opportunities created by the disposition of real estate by financial institutions, including insurance companies and foreign investors, which continue to actively reduce their real estate holdings in response to, among other things, changes in various regulatory requirements.

In the fourth quarter of 1996, the Corporation acquired three office properties in the CBDs of three U.S. cities (Allen Center in Houston, Texas, Colony Square in Atlanta, Georgia and 1441 Main Street in Columbia, South Carolina) totaling approximately 4.3 million square feet of leasable area. The aggregate purchase price was approximately $330 million, or approximately $77 per square foot, providing the Corporation with an Initial Unleveraged Return on Cost (as defined below) of 11%. After financing of approximately $200 million, the Initial Return on Equity (as defined below) is 17%.

The Allen Center complex in the CBD of Houston, Texas consists of three towers ranging from 34 to 50 stories, comprising 3.2 million square feet of leasable space, parking capacity for over 5,361 cars, a 130,000 square foot fitness facility called the Houston Metropolitan Racquet Club, and a 2.5 acre expansion site. The property was purchased for approximately $79 per square foot or $62 per square foot

excluding the parking structures. At the time of purchase the complex had a combined occupancy rate of 76%, with the major tenants being Amerada Hess (359,000 square feet), Enron Corporation (259,000 square feet) and Citicorp (115,000 square feet).

Colony Square in midtown Atlanta, Georgia consists of two towers of 22 and 24 stories each connected by a retail complex at the ground level. The property has 679,000 square feet of office and 141,000 square feet of retail leasable area. The purchase price was $72 per square foot. Occupancy was 82% at the time of purchase with the major tenant being IBM. The complex was built in the early 1970s and underwent a major renovation in 1995.

1441 Main Street located in Columbia, South Carolina is a 14 story office tower comprising 261,000 square feet. Occupancy at the time of purchase was 82%, with the major tenants being a top tier regional law firm and First Union National Bank. The cost was $81 per square foot.

In 1995, the Corporation acquired Renaissance Tower in Dallas, Texas, Gateway Center in Pittsburgh, Pennsylvania and Northstar Center in Minneapolis, Minnesota for an aggregate acquisition cost of $188 million representing a total of 4 million square feet of leasable area or approximately $48 per square foot, providing the Corporation with a 14% Actual Unleveraged Return on Cost and a 25% Actual Return on Equity (as defined below).

For these purposes, "Initial Unleveraged Return on Cost" has been calculated by dividing (a) the annualized NOI based on leases in place at acquisition, or substantial completion in the case of developments, ("Initial NOI") by (b) the consideration paid or the total development cost, as the case may be ("Purchase Cost"). "Initial Return on Equity" is calculated by dividing (a) Initial NOI less initial annualized interest expense relating to the acquisition or development financing by (b) the Purchase Cost less the amount of such financing.

For these purposes, "Actual Unleveraged Return on Cost" has been calculated by dividing (a) the actual NOI generated in 1996 ("Total NOI") by (b) the consideration paid and all related capital expenditures and tenant installation costs incurred in 1996 ("Total Cost"). "Actual Return on Equity" has been calculated by dividing (a) Total NOI less the interest expense relating to the acquisition financing by (b) the Total Cost less the amount of such financing.

Developing and Redeveloping Retail Properties

TrizecHahn believes that strong risk-adjusted returns can be generated from disciplined reinvestment within the Corporation's large base of dominant retail properties and in select new developments. Where appropriate, the Corporation seeks to re-focus the merchandising and marketing of its existing properties through targeted redevelopment programs. The Corporation undertakes renovations to revitalize properties where it believes this will enhance a center's appeal to customers in its trade areas and thereby improve rents, occupancy and the competitive position of the property.

In both its development of new projects and its redevelopment of existing centers, the Corporation's strategy is to build from its proven development track record to create retail properties which are distinct from the competition and from the concept of a traditional mall. By making use of alternative anchor tenants, emphasizing design and merchandising (including entertainment elements) and focusing on tourism, the Corporation seeks to create retail properties which will become "destinations", thereby attracting customers from greater distances, increasing their length of stay and spending and, in turn, generating superior rents, cash flow and rates of return. The Corporation's development program draws on the

expertise and relationships of its principal retail subsidiary, TrizecHahn Centers Inc., formerly The Hahn Company ("TrizecHahn Centers"), one of the leading developers of regional shopping centers in the United States. TrizecHahn Centers has developed over 90 shopping centers over the past 40 years and has a highly experienced development team. The quality of TrizecHahn's development and redevelopment projects has been recognized within the industry through numerous awards for many of its projects, including the University Towne Centre and Bridgewater Commons developments as well as The Shops at Prudential Center and Horton Plaza redevelopments.

On August 30, 1996, the Corporation officially opened Park Meadows located in Denver, Colorado, with leases in place for approximately 93% of the total mall store GLA and two of the four anchors. The two additional anchors are scheduled to open in the Fall of 1997. When fully completed, Park Meadows will have approximately 1.5 million square feet of total GLA, of which approximately 576,000 square feet is mall store space. The total cost of the project will be approximately $165 million. The project will provide an Initial Unleveraged Return on Cost of approximately 12% and an Initial Return on Equity of approximately 22%. Sales per square foot on an annualized basis have exceeded $400 since the opening.

In 1995, the Corporation redeveloped a vacant department store at Horton Plaza in San Diego, California into an entertainment and retail complex at a cost of $14 million, increasing annual NOI by $2.4 million and generating a 17% Actual Unleveraged Return on Cost. This enhancement to one of San Diego's most successful retail properties added well-recognized tenants, including Planet Hollywood, The Limited, Warner Bros. Studio Store and an expanded 14-screen United Artists Theater.

The Corporation recently completed redevelopments and renovations at four other centers, Santa Anita Fashion Park, Los Cerritos Center, Oakridge Mall and The Fashion Show Mall at a total cost of $65 million, in each case improving sales per square foot.

Maximizing Cash Flow from Existing Properties

The Corporation intends to maximize cash flow from its existing properties through effective leasing and property management and strictly controlling operating expenses and capital expenditures. This should result in high occupancy levels and maximizing effective rental rates as expiring leases are renewed. In 1996, for example, the Corporation leased over 3.4 million square feet of new and renewal space at its existing office properties and 900,000 square feet of new and renewal mall store GLA at its retail properties. Occupancy at December 31, 1996 at the Corporation's existing office properties and retail properties was 86% and 85%, respectively. Other strategic initiatives designed to maximize cash flow include portfolio-wide purchasing of materials and services to take advantage of economies of scale and a retail specialty leasing program, the impact of which would be to increase occupancy by 7% to 92% at December 31, 1996. Due in part to a focus on cost control, tenant occupancy costs at the Corporation's major market mall stores were approximately 12% of tenant sales, which management believes is lower than tenant occupancy costs at competing retail properties and indicative of capacity for potential rent appreciation.

The Corporation strives to acquire, develop or retain assets in those markets that demonstrate positive economic prospects, which in turn drives the cash flow and value of the Corporation's existing or planned real estate investments. The Corporation has therefore maintained a strong presence in the State of California with 17 retail properties representing 16 million square feet. Recent economic indicators have been positive for the state. Consequently, the Corporation believes that the concentration of retail properties in California will enhance future growth.

In the office sector, the markets in which TrizecHahn operates have experienced very little new construction in recent years, following a period of significant overbuilding. The Corporation believes that the lack of new CBD office development combined with improving job prospects in the professional work force and rising levels of demand for office space by corporations expanding, will continue to support a broad-based office sector recovery. With continued aggressive leasing efforts and a diversified portfolio, management believes the Corporation's portfolio is well positioned to participate in a recovery of North American CBD office markets. The presence of existing assets in recovering markets is complemented by recent significant investments in New York, Houston and Atlanta, three markets demonstrating improvement in job creation, a key variable affecting the demand for office space.

Active Asset Management

As an integral component of maximizing its cash flow from existing properties, the Corporation continually seeks to dispose of properties which it believes do not offer adequate cash flow growth potential, to redeploy its capital resources in higher-yielding alternative investments. Although these dispositions may reduce cash flow from operations subsequent to sale, management believes that through its portfolio realignment strategy the Corporation improves the growth profile of its asset base and improves the quality of its underlying cash flow stream. The Corporation targets those assets for disposition which do not meet its expectations in terms of cash flow growth which may be due in part to the performance of the markets in which those assets are located. Consequently, in early 1995 the Corporation announced a program to dispose of $400 million of non-core, low-growth assets. Between the date of that announcement and the end of 1996, the Corporation completed asset sales for gross proceeds amounting to $515 million and net proceeds of $210 million after elimination of $305 million of related property indebtedness, including nine office properties and interests in 14 retail centers with a combined total GLA of 11.2 million square feet as well as land and financial assets. The pace of disposition activity will diminish in 1997.

The Corporation's asset management program also involves acquisitions of interests in existing retail projects, particularly projects which already form part of the retail portfolio but which have ground leases, partners or other participating interests. The acquisition of these interests offers the opportunity to simplify ownership or acquire cash flow on attractive terms. In December 1995, the Corporation completed a transaction with Teachers Insurance and Annuity Association of America ("TIAA") pursuant to which the Corporation acquired ground leases on six of its retail properties, all of which had participation features, acquired TIAA's minority interest in two prominent San Diego major market retail properties, eliminated a participating mortgage and refinanced approximately $194 million of TIAA debt at lower interest rates. The Corporation may acquire interests in existing retail projects outside the current portfolio if return requirements can be met and additional value can be created by applying the Corporation's development and operating expertise.

In its retail operations, the Corporation's asset management strategy is to focus its portfolio on dominant super-regional retail properties in major metropolitan markets. It is the Corporation's experience that properties of this nature generate cash flow which is less vulnerable to competition and general economic trends and therefore is more durable. These properties also offer greater opportunities to generate growth and attract higher values.

Pursuing International Opportunities

Consistent with its objective of producing sustainable growth, the Corporation is pursuing an international expansion program on a disciplined basis. The international strategy is aimed at applying the Corporation's North American development, management, marketing and leasing expertise to certain growing economies outside North America. The Corporation intends to concentrate on opportunities in Europe, South America and South-East Asia that meet the Corporation's risk-adjusted return requirements. The Corporation is attracted to these regions by the extensive development opportunities available, the increase in global spending power, the shortage of supply of high quality well-merchandised retail centers, and the relative lack of specialized knowledge of marketing, leasing and retailing. The Corporation intends to invest capital cautiously and to ensure exit strategies exist for each planned investment, given the additional political and economic risk considerations.

The Corporation, through its wholly-owned subsidiary, TrizecHahn Europe, is an established European property developer based in Berlin, providing it with strategic access to certain opportunities in the United Kingdom, Hungary, the Czech Republic, Poland and Germany. TrizecHahn intends to leverage this European and North American real estate expertise and form strategic alliances with local partners who have relevant market knowledge. To identify such local partners, the Corporation is taking advantage of its extensive network of international and business relationships established through its board of directors.

Pursuing Airport Developments

The Corporation intends to pursue opportunities in related real estate areas that provide it with the opportunity to be a dominant player in a growing industry with attractive financial returns. Currently, the Corporation is aggressively pursuing opportunities in the development, expansion and operation of airport terminals. This strategy is designed to take advantage of the significant global opportunities created by the increasing trend to airport privatization, the continued strong growth in global air passenger traffic and the need for efficient high-quality airport facilities. Management believes that this strategy is a logical extension of the Corporation's property development and management expertise, retailing expertise, capital, and international contacts and reputation. The Corporation will continue to pursue strategic alliances to provide it with the specific airport experience that it needs to compete effectively in an emerging airport market that industry sources estimate at $400 billion over the next fifteen years.

Strategically Managing Capital

TrizecHahn believes that in order to maximize cash flow growth, the Corporation's operating strategy must be complemented by a capital strategy designed to maximize return on shareholders' equity. The Corporation's objective is to ensure, in advance, that there are ample capital resources to allow the Corporation to exploit opportunities quickly, rather than securing funding of each specific investment on a case-by-case basis. The Corporation believes that the greater certainty of execution this provides gives it a competitive advantage in its negotiations for acquisitions or development investments. The Corporation's capital strategy is to: (i) establish working capital and acquisition lines of credit to ensure liquidity and to fund growth; (ii) employ an appropriate degree of leverage during the broad-based recovery in the real estate industry; (iii) maintain floating rate debt levels that provide flexibility for the Corporation to execute its portfolio realignment strategy through asset sales and redevelopments, without incurring significant prepayment penalties; and (iv) actively manage its exposure to interest rate volatility through the use of long-term fixed rate debt and various hedging techniques.

The Corporation intends to use its investment in Barrick for investment in real estate growth opportunities. The Corporation may issue additional exchangeable debentures similar in structure to those that are currently outstanding. This is a cost and tax effective vehicle for utilizing the approximately $800 million in value from the Barrick shares that are not currently encumbered by the exchangeable debentures. In addition, the Corporation is currently examining various structures for divesting, distributing or otherwise disposing of its investment in Clark.

To facilitate acquisitions, in July 1996 the Corporation arranged a $250 million acquisition credit facility from an institutional lender for a term of up to three years. Approximately $34 million of the facility is currently drawn and secured by the assets acquired with such funds. The undrawn portion of the facility does not encumber any existing assets of the Corporation and is primarily intended to provide financing secured on future assets that may be acquired. The Corporation intends to use the facility to provide debt financing on assets it purchases on an interim basis until it can complete value-added leasing and property management to improve cash flow at which time it intends to arrange longer-term financing. The amount of funding available under the facility is based on the acquisition price, with a portion of the acquisition price required to be funded by the Corporation.

RECENT DEVELOPMENTS

Consistent with its strategy for growth, the Corporation has recently taken the actions described below.

Opportunistic Office Property Acquisitions

In February 1997, TrizecHahn purchased a 49.9% joint venture interest in a portfolio of three office buildings in midtown New York City from the Weiler-Arnow Investment Company for approximately $210 million or $154 per square foot plus transaction costs. The Corporation will be the property manager of the portfolio and managing partner of the joint venture. Two buildings make up the majority of the 2.7 million square feet. The Grace Building (1114 Avenue of the Americas) is the largest with 50 stories and 1.4 million square feet. With its unique architecture and its prime location, it is a well-known midtown property. The World Apparel Center (1411 Broadway) is a 41 story office tower containing over one million square feet. The third office property, 1460 Broadway, contains 190,000 square feet of leasable office space. All three buildings are located between Grand Central Station and Times Square. The combined occupancy for the portfolio was 97% at the time of acquisition. These New York properties are well-positioned to benefit from a significant planned capital investment in the Times Square area over the next several years. The Corporation's Initial Unleveraged Return on Cost is 10% and its Initial Return on Equity is approximately 14%. The Grace Building currently has leases in place at rental rates significantly below market.

The Corporation has signed a letter of intent to acquire a partnership interest in Citicorp Center and Seventh Market Place in Los Angeles, California. TrizecHahn will have a 25% interest in the partnership and Whitehall Real Estate Fund will have a 75% interest in the partnership. The total partnership purchase price is expected to be approximately $125 million and the acquisition is scheduled to close by early April 1997. The acquisition consists of Citicorp Center, a 41 story office tower totaling 895,000 square feet, Seventh Market Place, a three-level open air retail center totaling 333,000 square feet, a 2.5 acre landscaped plaza and a 1,500 space adjacent parking structure. The Corporation expects that the returns provided by this investment will be consistent with its other recent U.S. office acquisitions.

Retail Developments and Redevelopments

The Corporation recently commenced predevelopment work on several retail projects. Six of the projects are the development of new retail properties; the others consist of remodelling and/or expanding existing properties. If project-specific financial return targets can be achieved and customary development conditions are satisfied, construction will begin in 1997 on four of the six new projects and four redevelopments. Total project costs for the four new centers are estimated to be approximately $550 million, funded partly through construction financing and contributions from joint venture partners.

In March 1997, the Corporation signed an agreement with the owner of the Aladdin Hotel and Casino in Las Vegas to develop a 450,000 square foot retail and entertainment complex based on the theme of The Tales of the Arabian Nights as part of a $600 million redevelopment of the Aladdin property. Located on one of the premier corners of the Las Vegas Strip with high traffic volume from visitors and convention attendees, the Aladdin will provide an exciting entertainment/retail environment. The Corporation expects that construction will commence in 1997 with completion expected in 1999.

The Corporation has recently entered into a partnership agreement to develop a super-regional center in Denver, referred to as Denver West. Under the arrangement the center would be jointly owned - the partner would contribute the land and TrizecHahn would develop and manage the center. Denver West would be a 1.3 million square foot regional center combining a wide array of outdoors and lifestyle retailers at the gateway to the Rocky Mountains. The Corporation already has commitments from some of the country's leading department store chains. Denver West is expected to be completed in 1999.

The Corporation signed a partnership agreement with The Gordon Group to develop Fashion Outlet of Las Vegas, a high-end fashion outlet center located just 36 miles from Las Vegas on the California/Nevada border on Interstate 15, the principal highway between Los Angeles and Las Vegas. The first phase of the project will be a 400,000 square foot outlet center offering a collection of some of the most upscale fashion retailers to the 33 million people who visit Las Vegas each year. The Corporation expects that it will start construction in mid-1997 with completion expected in 1998.

The Corporation is planning a major reconfiguration of the Prestonwood Town Center in Dallas. Instead of relying principally on department stores as anchor tenants, the center would be transformed into a unique retail and entertainment destination, anchored by Neiman Marcus, Dillard's, a collection of exceptionally large specialty retail stores and world-class restaurants. The Corporation plans to commence construction in 1997 on the first phase of this transformation, which is expected to include a 24-screen cinema complex operated by American Multi-Cinemas, Inc.

In February 1997, the Corporation, as part of a tender process, made a proposal to Canada Lands Company Limited, a Canadian government corporation, to lease, develop and/or acquire certain assets in downtown Toronto, including the landmark CN Tower, the tallest freestanding structure in the world. If selected, the Corporation would be master developer for all or part of a 45-acre site. The project would include the development of a mixed-use center of up to 400,000 square feet of retail, entertainment and recreational uses. The construction would be phased over a period of up to six years.

In March 1997, the Corporation was selected by the Community Redevelopment Agency of the City of Los Angeles to negotiate exclusively for the redevelopment of 1½ city blocks on Hollywood Boulevard adjacent to Mann's Chinese Theater and Hollywood Walk of Stars in Hollywood, California. The Corporation is proposing a 425,000 square foot retail and entertainment complex that would be anchored by CinAmerica, a joint venture between Warner Bros. and Paramount. Subject to final city

council and other typical approvals, construction is planned to begin in mid-1998 with completion expected in the Fall of 2000.

The Corporation also has plans to commence construction in 1997 on expansion and remodelling projects at four of the Corporation's existing properties. These projects include the addition of an 85,000 square foot multi-plex cinema at Parkway Plaza in El Cajon, California, the remodelling of University Towne Centre in La Jolla, California, the remodelling of Valley Fair in San Jose, California, and the addition of a 70,000 square foot multi-plex cinema at Los Cerritos Center in Cerritos, California. Redevelopment opportunities are also being explored at Bridgewater Commons in Bridgewater, New Jersey, Fashion Place Mall in Salt Lake City, Utah, The Fashion Show Mall in Las Vegas, Nevada and Fox Hills Mall in Culver City, California.

Maximizing Cash Flow from Existing Properties

As part of its ongoing program of enhancing cash flow from existing operations through effective property management, the Corporation has engaged in two significant office leasing transactions since January 1, 1997.

In January 1997, the Corporation signed a lease for 215,000 square feet with Blockbuster, a unit of Viacom Inc., for Blockbuster to relocate its head office from Florida and consolidate its operations in the Corporation's Renaissance Tower in Dallas. Blockbuster is anticipated to be in occupancy by May 1997. As a result of the signing, leases in place at Renaissance Tower amount to approximately 90% of the leasable area. The Corporation has now signed more than 335,000 square feet of leases at Renaissance Tower, which will raise its occupancy level by approximately 16% from 74% at the time of acquisition in December 1995.

In January 1997, the Corporation signed a letter of intent with a major tenant to lease approximately 500,000 square feet in Cullen Center as part of a relocation and expansion of its head office and operating groups. The lease is anticipated to be for a term of 11 years with a rent commencement date of August 1998. The lease would increase occupancy in the Cullen Center by 7% from 85% at year end to 92%. Execution of the lease will occur only if another major tenant does not renew its lease when it expires.

Asset Management Activities

The Corporation is currently in the process of selling two mid-market retail properties for expected gross proceeds of $40 million, with closings expected to occur in the second quarter of 1997.

International Opportunities

On March 5, 1997, the Corporation announced a strategic partnership with Mr. Dieter Bock, a prominent European real estate developer, to expand the Corporation's presence in Europe. Under the arrangement, TrizecHahn will acquire at cost a number of real estate projects under development from Advanta Management AG, a company controlled by Mr. Bock. The major asset being acquired is Number 1 Poultry, a landmark commercial mixed-use property nearing completion in the City of London. There are also four longer-term development projects in Germany. TrizecHahn's existing European operations will be merged with its new German and UK development projects under the leadership of Mr. Bock, who will become President of TrizecHahn Europe, Vice Chairman of TrizecHahn and a significant shareholder. The acquisition will be paid for by the issuance by TrizecHahn of approximately 5.5 million Subordinate

Voting Shares and by the assumption of approximately $32 million of construction financing. The closing is expected to occur in April 1997.

In February 1997, the Corporation through its interest in TriGranit Development purchased the land and is securing the right to develop a mixed-use project on the site of Budapest's historic west-end train station. Situated in the heart of Budapest, the West End City Center development is a planned three-level center featuring a railway museum, concert hall, multi-screen cinema, major anchor tenants and specialty retailers. Construction is expected to begin in 1997 with completion expected by the end of 1998. TriGranit Development is a joint venture formed in late 1996 with Polus Investments to pursue the development of retail centers and mixed-used projects in Central Europe. Polus is controlled by Mr. Sandor Demjan, an entrepreneur with a proven track record, strong local market knowledge and extensive contacts in the region. Polus Investments developed the largest suburban shopping center in Central Europe, Polus Center, on which TrizecHahn served as advisor. Polus Center opened in Budapest, Hungary in November 1996.

In early 1997, the Corporation formed a joint venture with Breeze Development Co. Ltd. ("Breeze"), the real estate subsidiary of a major manufacturing and trading company in Taiwan. The joint venture's first project will be Breeze Shopping Center, a North American-style retail and entertainment center in the heart of Taipei's shopping district, featuring department stores, specialty retailers, entertainment, a cinema complex and parking. The Corporation will provide management services to the joint venture and will have the option to participate as an equity investor in the next four shopping malls Breeze expects to build in Taiwan.

In late 1996, the Corporation became a retail shopping center consultant to the Fort Bonifacio Development Corporation, which is a consortium of major Asian property developers and investors formed to develop a major "city within a city" in Manila, The Philippines, located on a former U.S. military base. The Corporation is providing design, construction, leasing and other advice and has obtained an option to purchase up to 40% of any retail shopping center development to be located in Fort Bonifacio, subject to negotiation of terms in respect of any particular developments.

Airport Developments

In February 1997, the Corporation formed a strategic joint venture with Airport Development Corporation ("ADC"). ADC successfully developed Trillium Terminal 3 at Toronto's Pearson International Airport, the first privatization project of its kind in North America. The Corporation believes that its real estate expertise, combined with ADC's specific airport development experience, will enable the joint venture to compete for a leading position in the emerging airport development industry. ADC has recently begun construction of a new terminal at Ferihegy Airport in Budapest, Hungary. TrizecHahn is in discussions with ADC to acquire an interest in that development.

Capital and Financing Activity

In addition to the $250 million acquisition facility described under "Strategy for Growth - Strategically Managing Capital" above, the Corporation has arranged and is in the process of finalizing a $200 million credit facility, with amounts drawn to be collateralized by currently unencumbered shares of Barrick. The facility, which can be drawn in United States dollars or Canadian dollars, carries an interest rate of 0.22% over Canadian bankers acceptance or LIBO rates and is for a two-year term. The facility provides additional liquidity and financial flexibility for working capital and to address debt maturities.

OFFICE PROPERTIES

The majority of TrizecHahn's office space is located in large, Class A buildings located in major urban centers across North America. Class A buildings generally are considered to be those that have above average size, design, location and access, attract high quality tenants, are well maintained and professionally managed, and achieve among the highest rent, occupancy and tenant retention rates within their markets. TrizecHahn's office portfolio at December 31, 1996 consisted of interests in 38 properties in the United States and Canada containing a total of approximately 26.2 million square feet. The office properties have an average size of approximately 689,000 square feet, the average tenant occupies approximately 13,800 square feet, and lease terms typically range from 5 to 20 years.

In Canada, leases generally are net, whereby each tenant is required to pay its proportionate share of actual operating expenses and real estate taxes for each year. In the United States leases are generally "gross", whereby fixed lease payments are inclusive of net rent, current operating expenses and current real estate taxes. In addition, tenants in the United States generally pay increases in operating expenses and real estate taxes above their respective base year amounts.

Geographic Diversity

Set forth below is information concerning the geographic distribution of TrizecHahn's office portfolio at December 31, 1996.

	Number of Properties	Leasable Area at Dec. 31/96 (sq. ft millions)	Pro Forma NOI for Year Ended Dec. 31/96 (millions)	% of Pro Forma NOI
United States				
Central/Southwest U.S.	8	8.6	$47.5	25%
Eastern U.S.	8	5.5	22.2	12%
Pacific U.S.	5	1.3	17.7	9%
Total United States	21	15.4	87.4	46%
Canada				
Western Canada	10	6.6	57.4	31%
Eastern Canada	7	4.2	43.8	23%
Total Canada	17	10.8	101.2	54%
Total Office	38	26.2	$188.6	100%

Property Descriptions

NOI for the year ended December 31, 1996 for TrizecHahn's top five office properties (Bankers Hall, Cullen Center, Place Ville Marie, Renaissance Tower and Western Canadian Place) totalled $89.5 million, or 47% of total office NOI and 26% of total NOI. A brief description of these five properties is provided below. In addition, a description of Allen Center and the New York properties is also provided because these properties are expected to be among the top five contributors to NOI in 1997 based on Initial NOI.

Bankers Hall: Bankers Hall is a 50 story granite and glass office tower and retail podium in downtown Calgary, Alberta that was developed by the Corporation and opened in 1989. It has approximately 860,000 square feet of office space, 257,000 square feet of retail space (including fashion and specialty retailers, restaurants, movie theaters, health club facilities and an auditorium) and expansion potential for another 50 story office tower on site. The retail podium of Bankers Hall is connected to the Royal Bank Building, which is also owned by TrizecHahn. Bankers Hall was 98% occupied on December 31, 1996 and major tenants included a major Canadian chartered bank and Talisman Energy. Bankers Hall is wholly owned by TrizecHahn. The land on which the building is located is subject to a long-term land lease.

Cullen Center: Cullen Center, which is situated on eight city blocks in downtown Houston, Texas, consists of four office buildings ranging in size from 55 stories and approximately 1.1 million square feet to 20 stories and approximately 373,000 square feet, for a total of over 2.9 million square feet. The site includes tree-lined plazas, fountains and 50,000 square feet of climate-controlled public concourses. The four buildings are connected by second-story skywalks and have direct access to the downtown tunnel system. At December 31, 1996, Cullen Center was 85% occupied with major tenants from the energy, financial and high technology industries, including Shell Oil and Exxon. TrizecHahn has a 100% interest in Cullen Center's 1600 Smith and the 500 and 600 Jefferson buildings, and a 50% interest in the M.W. Kellogg Tower.

Place Ville Marie: Place Ville Marie is a 2.7 million square foot development located in downtown Montreal, Quebec. The project is the hub of Montreal's underground pedestrian network and is a complex of four buildings including a 42 story office tower and a shopping promenade. On December 31, 1996, Place Ville Marie was 90% occupied and included major tenants such as a major Canadian chartered bank, VIA Rail, Business Development Bank of Canada and several international accounting firms. Place Ville Marie is wholly owned by TrizecHahn.

Renaissance Tower: Renaissance Tower is a 1.7 million square foot, 56 story, Class A office tower with an adjacent pavilion food court and 12 story parking garage with a total capacity of 1,086 cars. Renaissance Tower is located in the financial district of the CBD of Dallas, Texas, affording excellent access to the highway system and mass transit service, as well as providing on-site parking ratios which are five times better than comparable buildings. The property was developed in 1974 and underwent a significant renovation and upgrade between 1986 and 1992. Renaissance Tower was 74% occupied at December 31, 1996 with additional executed leases in hand, including Blockbuster of 215,000 square feet, to bring the property to a lease level of 90%. The property has a diversified tenant mix, including oil and gas, legal, retailing, banking and financial services. The four largest tenants, Mobil Oil Corporation, Winstead Sechrest & Minick, Southwest Securities and Transamerica Real Estate Tax, lease a combined total of 760,000 net leasable square feet, or approximately 44% of the building. Renaissance Tower is wholly owned by TrizecHahn.

Western Canadian Place: The two distinctive gilded-glass and granite towers of Western Canadian Place, located in downtown Calgary, Alberta, were developed by TrizecHahn and opened in 1983. The 42 and 32 story Class A office towers provide 1.1 million square feet of GLA. A barrel vaulted glass roof atrium links the two towers and encloses retail and public areas. On-site amenities include conference facilities and a fitness center. Underground parking is available for 143 cars, with ample public parking nearby. On December 31, 1996, Western Canadian Place was 100% occupied. The principal tenant is Husky Oil, TrizecHahn's 50% joint venture partner in the property.

Allen Center: In November 1996, TrizecHahn purchased Allen Center located in the CBD of Houston, Texas. The complex consists of three towers ranging from 34 to 50 stories and comprising over 3.2 million square feet of leasable space. Parking capacity for over 5,361 cars is available within two parking garages and additional surface parking is available on the 2.5 acre expansion site. In addition to the office properties, the purchase included a 130,000 square foot fitness facility called the Houston Metropolitan Racquet Club, and a central plant which distributes chilled and heated water throughout the complex and to other buildings in the area. The largest tenants in the Allen Center are Amerada Hess with 359,000 square feet, Enron Corporation with 259,000 square feet and Citicorp with 115,000 square feet. A recent capital investment program saw $28.6 million invested in the building and was completed in 1995. At the time of purchase the complex had a combined occupancy rate of 76%. The center is wholly owned by TrizecHahn.

New York: The first acquisition of 1997 by TrizecHahn was three office buildings in midtown New York City. TrizecHahn purchased a 49.9% share in these buildings from the Weiler-Arnow Investment Company. Two buildings make up the majority of the approximately 2.7 million square feet. The Grace Building (1114 Avenue of the Americas) is the largest with 50 stories and 1.4 million square feet. With its unique architecture, it is a well-known midtown location. The World Apparel Center (1411 Broadway) is the next largest of the three with 41 stories and over one million square feet. The third office property, 1460 Broadway, contains approximately 190,000 square feet of leasable office space. All three buildings are located between Grand Central Station and Times Square. The combined occupancy for the portfolio is 97%.

Lease Expirations

Scheduled annual expirations in office leases in place at December 31, 1996 over the next five years average approximately 9% per year of TrizecHahn's total office occupied leasable area, with no single year exceeding 11%. The average remaining term of office leases is seven years. The following table shows expirations for leases in place at December 31, 1996, for each of the years in the five year period ending 2001 and the years 2002 to 2006 inclusive for the office properties, assuming none of the tenants exercises renewal options.

Year of Lease Expiration	Number of Leases Expiring	Leasable Area of Leases Expiring[1] (sq.ft. 000's)	Annualized Net Rent under Expiring Leases [2] ($000's)	Average Net Rent Under Expiring Leases [2] (per sq.ft.)	% of Total Occupied Leasable Area Represented by Expiring Leases
1997	289	1,230	$ 12,195	$9.91	6%
1998	322	1,949	19,352	9.93	9%
1999	355	2,017	19,853	9.84	10%
2000	267	2,410	22,126	9.18	11%
2001	250	2,006	19,986	9.96	9%
2002 to 2006	408	7,937	74,972	9.45	38%
Total	1,891	17,549	$168,484	$9.60	83%

Notes:

(1) Represents 100% of the office leasable area of leases expiring, not TrizecHahn's proportionate share.

(2) Represents 100% of annualized net rent under expiring leases, not TrizecHahn's proportionate share. Total annualized net rent equals contractual rent, including historical increases through December 31, 1996, contractual increases to date of expiry and excluding operating expense and property tax recoveries.

Rental Rate Change

In the office portfolio, there are contractual lease expirations of 1.2 million square feet in 1997 at an average net rate of $10 per square foot. During 1996, the average rolldown in rates (defined as net rent for expiring leases compared with initial net rent on new and renewing leases entered into during the same period) was approximately $2 per square foot. The Corporation expects that net rental rates for new and renewal leases in its office portfolio will be slightly lower than rental rates on leases expiring in 1997. The Corporation's share of overall office contractual step-ups on leases in place at December 31, 1996 total $3 million in 1997 and total approximately $70 million, cumulatively, for the five years 1997 to 2001.

Tenant Diversity

TrizecHahn's office portfolio has approximately 1,900 office tenants which represent a diverse cross-section of the economy and include local, regional, national and international companies. Many of the major tenants are public companies with investment grade credit ratings in the United States or Canada.

The following table sets forth information concerning TrizecHahn's ten largest office tenants at December 31, 1996 based on leasable area. Together these tenants represented approximately 22% of total office leasable area at December 31, 1996 and approximately 22% of total office rental revenue and 13% of total rental revenue for the year ended December 31, 1996. No single tenant accounted for more than 3% of total rental revenue for the year ended December 31, 1996.

Office Tenants

Rank	Tenant Name	Property	Leasable Area (sq.ft. 000's)	% of Total Office Leasable Area
1	Major Canadian Chartered Bank	Royal Bank Building, Royal Center, Place Ville Marie, 180 Wellington & 360 St. Jacques	1,144	4%
2	Husky Oil	Western Canadian Place	1,095	4%
3	Mobil Oil	Calgary Place and Renaissance Tower	777	3%
4	Dresser Industries/ M.W. Kellogg	Cullen Center	712	3%
5	General Motors	New Center One	364	2%
6	Amerada Hess	Allen Center	359	2%
7	Shell Oil	Cullen Center	324	1%
8	Talisman Energy	Bankers Hall	297	1%
9	I.D.S. Financial	Northstar Center	296	1%
10	Entex	1600 Smith	267	1%
			5,635	22%

Potential Developments

In addition to its present income producing properties, TrizecHahn has interests in two major CBD sites suitable for future development and a total of approximately 39 acres of undeveloped land at 6 sites in several locations zoned for office use.

One of the development sites is Bay Adelaide Centre, a proposed 1.8 million square foot project in the heart of the financial district in downtown Toronto, Ontario, in which TrizecHahn has a 50% interest. The foundation and below grade structure for the Bay Adelaide Centre were completed and the project put on hold in 1994 due to market conditions. Consequently, TrizecHahn expects that the development could be finished in a relatively short period of time if an improvement in the Toronto office market occurs to a level that would provide an economic return on cost.

The other major development site, in which the Corporation has a long-term leasehold interest, is for the development of the 800,000 square foot second tower of Bankers Hall in downtown Calgary, Alberta. Bankers Hall was designed to be constructed in two phases, with the first phase (which was completed in 1989) containing the necessary infrastructure for the second office tower. As a result, if a decision were made to proceed with construction, management expects that the schedule for completion of the second office tower would be 18 to 24 months. The Corporation has been approached by a large user (800,000 square feet) to consider starting the development given the absence of large blocks of vacant contiguous space in the Calgary market.

TrizecHahn has not set a timetable for the development of either the Bay Adelaide Centre or the second tower of Bankers Hall and will move forward only when office markets have improved to the point of justifying new development. However, if construction of the second office tower at Bankers Hall has not commenced by January 1, 2000, the ground lessor of the westerly portion of the Bankers Hall lands has an option, which expires February 1, 2000, to purchase TrizecHahn's interest in this land. At December 31, 1996, the purchase price would have been approximately Cdn.$107 million.

Office Portfolio Listing

The following property listing sets forth key information with respect to TrizecHahn's office portfolio at December 31, 1996.

Office Properties

Name (Ownership %)[1]	Location	Year completed/ renovated	Number of stories	Total Rentable Area (sq. ft.)	Office area (sq. ft.)	Retail area (sq. ft.)	Occupancy[2]
United States							
Central/Southwest U.S.							
Allen Center	Houston, Texas	1972/78/80/95	34/36/50	3,176,000	3,112,000	64,000	78%
Cullen Center	Houston, Texas						
1600 Smith		1984	55	1,108,000	1,108,000		96%
M.W. Kellogg Tower (50%)		1978	40	1,035,000	1,035,000		78%
600 Jefferson		1971	20	420,000	420,000		57%
500 Jefferson		1962/83	20	373,000	373,000		100%
Renaissance Tower	Dallas, Texas	1974/92	56	1,731,000	1,678,000	53,000	74%
McKinney Place	Dallas, Texas	1985	14	141,000	141,000		95%
Two Pershing Square	Kansas City, Missouri	1986	11	511,000	511,000		92%
Eastern U.S.							
Gateway Center	Pittsburgh, Pennsylvania	1952/60	24/22/20	1,450,000	1,397,000	53,000	78%
Northstar Center	Minneapolis, Minnesota	1916/62/86	17/13	813,000	745,000	68,000	92%
Colony Square	Atlanta, Georgia	1970/73/95	22/24	820,000	679,000	141,000	85%
First Stamford Place[5]	Stamford, Connecticut	1984/86/87	7/4/7	779,000	764,000	15,000	83%
Fisher Building	Detroit, Michigan	1928	28	635,000	543,000	92,000	76%
New Center One (67%)	Detroit, Michigan	1983	8	496,000	409,000	87,000	98%
Albert Kahn Building[3]	Detroit, Michigan	1931	11	270,000	268,000	2,000	85%
1441 Main Street	Columbia, South Carolina	1988	14	261,000	261,000		81%
California							
Marina Towers (50%)[3]	Los Angeles, California	1971/76	13	367,000	367,000		95%
9800 La Cienega	Los Angeles, California	1985	14	334,000	334,000		67%
Encino Gateway	Los Angeles, California	1978	20	334,000	334,000		87%
Valley Center	Los Angeles, California	1970	18	200,000	200,000		88%
Warner Center	Los Angeles, California	1980	4	104,000	104,000		100%
Total - United States	(21 properties)			15,358,000	14,783,000	575,000	82%
Canada							
Western Canada							
Bankers Hall[3]	Calgary, Alberta	1989	50	1,117,000	860,000	257,000	98%
Western Canadian Place (50%)	Calgary, Alberta	1983	42/32	1,120,000	1,120,000		100%
Calgary Place	Calgary, Alberta	1970	31/25	611,000	611,000		93%
Scotia Centre (50%)[3]	Calgary, Alberta	1977	40	595,000	500,000	95,000	81%
Fifth & Fifth	Calgary, Alberta	1980	32	489,000	489,000		94%
Royal Bank Building[3]	Calgary, Alberta	1970/91	22	331,000	331,000		99%
Canada Place[3],[5]	Edmonton, Alberta	1988	17	844,000	763,000	81,000	100%

Name (Ownership %)[1]	Location	Year completed/ renovated	Number of stories	Total Rentable Area (sq. ft.)	Office area (sq. ft.)	Retail area (sq. ft.)	Occupancy[2]
CN Tower	Edmonton, Alberta	1966	26	285,000	285,000		88%
Winnipeg Square[3]	Winnipeg, Manitoba	1983	31	621,000	556,000	65,000	99%
Royal Centre[3]	Vancouver, BC	1974	39	608,000	458,000	150,000	87%
Eastern Canada							
Place Ville Marie[3]	Montreal, Quebec	1962/91	42/17/6	2,673,000	2,512,000	161,000	90%
2020 University[3]	Montreal, Quebec	1975	25	453,000	376,000	77,000	92%
360 St-Jacques[3]	Montreal, Quebec	1928	23	316,000	312,000	4,000	73%
500 René-Lévesque[4]	Montreal, Quebec	1985	26	294,000	292,000	2,000	92%
Place Québec[6]	Quebec, Quebec	1973/74	8	241,000	153,000	88,000	84%
180 Wellington[3]	Toronto, Ontario	1971	13	210,000	210,000		100%
347 Bay Street (50%)[3]	Toronto, Ontario	1924	12	61,000	56,000	5,000	90%
Total - Canada (17 properties)				10,869,000	9,884,000	985,000	92%
Total - Office Properties (38 properties)				26,227,000	24,667,000	1,560,000	86%
Recent Acquisitions[7]							
The Grace Building (50%)	New York, New York	1971	50	1,438,000	1,438,000		99%
World Apparel Center (50%)	New York, New York	1970	41	1,079,000	1,079,000		97%
1460 Broadway (50%)	New York, New York	1951	17	190,000	190,000		80%

Properties Held for Development

Bay Adelaide Centre, Toronto, Ontario (50%)	1.8 million square foot office tower and retail complex - on hold
Bankers Hall Phase II, Calgary, Alberta	proposed 800,000 square foot office tower - on hold
6 sites - various locations	39 acres held for potential development or sale

Notes:

(1) The economic interest of TrizecHahn's owning entity is 100% unless otherwise noted. Ownership interests of less than 100% have been rounded to the nearest whole percent.

(2) Occupancy is at December 31, 1996 and reflects tenants in-place, excluding commitments.

(3) These properties are situated on land leases which, after the exercise by TrizecHahn of all renewal rights where applicable, expire between the years 2024 and 2079.

(4) Excludes Hydro-Québec's condominium ownership of 190,000 square feet.

(5) These properties are managed by TrizecHahn under performance management arrangements. As a result of the effective sale of Canada Place to the principal tenant, who is also the ground lessor, TrizecHahn retained an economic interest only in the residual, non-tenant owned space. TrizecHahn has an economic interest in First Stamford Place and participates in refinancing or sale proceeds. These properties are excluded from all operating statistics other than aggregate number of properties and square footage amounts in the portfolio.

(6) Excludes the Government of Quebec's condominium ownership of 51,000 square feet.

(7) The properties were acquired on February 24, 1997 and are, therefore, excluded from the portfolio information at December 31, 1996.

TrizecHahn manages all of these properties except for 180 Wellington and 347 Bay Street.

REGIONAL RETAIL CENTERS

TrizecHahn's retail center portfolio at December 31, 1996 was comprised of a total of 28 super-regional and regional centers. The total GLA of the centers is approximately 25 million square feet, for an average GLA of approximately 893,000 square feet per center. The centers range in size from 428,000 square feet to 1.3 million square feet of total GLA and between 192,000 square feet and 695,000 square feet of mall store GLA. In total, the retail center portfolio has 102 anchors and approximately 3,700 mall stores. On average, anchors and mall stores contain approximately 58% and 42%, respectively, of a center's total GLA, although these percentages differ for each center.

Composition of the Retail Portfolio

TrizecHahn's operations are focused primarily on major market centers, which are dominant super-regional centers that cater to upper-income customers in major metropolitan areas. These major market centers account for approximately 78% of the retail GLA at December 31, 1996 and 81% of the retail NOI for the year ended December 31, 1996. In addition, TrizecHahn also has interests in mid-market centers which are focused primarily on middle-income customers and are located in smaller population areas.

The mid-market center portfolio as a percentage of the total retail portfolio has decreased since 1995, highlighting the Corporation's realignment of its retail portfolio in favor of major market centers. Mid-market centers represented 28% of retail NOI in 1995, declining to 19% for the year ended December 31, 1996.

Geographic Diversity

The regional center portfolio is geographically diversified across the United States, with a concentration in California. By region, 19 of the centers are located in the Pacific United States, 6 in the Central/Southwest United States and 3 in the Eastern United States.

The geographic distribution of GLA and NOI of TrizecHahn's retail portfolio for the year ended December 31, 1996 is set forth below

Retail Centers	Number of Properties	Total GLA (sq. ft. millions)	% of Total GLA	Pro Forma NOI for Year Ended Dec. 31/96 ($ millions)	% of Pro Forma NOI
Pacific U.S. - California	17	16.1	63%	$ 92	61%
Pacific U.S. - Other	2	1.3	5%	4	3%
Central/Southwest U.S.	6	5.3	21%	29	19%
Eastern U.S.	3	2.6	11%	25	17%
Total Retail Centers	28	25.3	100%	$150	100%

California Concentration

TrizecHahn's retail portfolio is concentrated in California, where 17 centers (14 major market and 3 mid-market) representing 63% (56% major market and 7% mid-market) of GLA are located. Recently, economic indicators have been positive for the state. Consequently, the Corporation believes that the concentration of retail properties in California will enhance future growth.

Property Descriptions

The top five centers (Bridgewater Commons (49.9% owned), Horton Plaza, Parkway Plaza, University Towne Centre (74% owned) and Valley Fair (50% owned)) contributed $46 million to NOI, or 30% of total retail NOI for the year ended December 31, 1996. A brief description of these five properties and Park Meadows (which is among the top properties based on annualized NOI since opening) is provided below.

Bridgewater Commons: Bridgewater Commons is a multi-level enclosed retail center located in Somerset County, New Jersey, situated 50 miles southwest of New York City. When it opened in 1988, Bridgewater Commons was the first enclosed retail center in Somerset County and provided a new "town center" for the community. The center has over 884,000 square feet of GLA, 532,000 square feet excluding anchor owned space. As of December 31, 1996, the occupancy was 99% and mall store sales averaged $514 per square foot for the year then ended. The center is anchored by Lord & Taylor, Macy's and Stern's and has 164 mall stores. The Corporation is considering an expansion to this center. TrizecHahn has a 49.9% interest in the center.

Horton Plaza: Opened in 1985, Horton Plaza is a multi-level, open-air retail and entertainment center covering six and one-half blocks of downtown San Diego. The center has 864,000 square feet of GLA, 639,000 square feet excluding anchor owned space. TrizecHahn completed a 112,000 square foot redevelopment of a former department store's space into an entertainment complex in 1995 and introduced tenants such as Planet Hollywood and a Warner Bros. Studio store. As of December 31, 1996, Horton Plaza's mall store space was 95% occupied and mall store sales averaged $382 per square foot for the year then ended. The center is anchored by Nordstrom, Mervyn's and Macy's and has 143 mall stores. TrizecHahn has a 100% economic interest in the center.

Parkway Plaza: Parkway Plaza is a single-level enclosed center located in El Cajon, California. The center has approximately 1.1 million square feet of GLA, 468,000 square feet excluding anchor owned space. The center opened in 1972 and a major redevelopment was completed in 1990. The center has 172 center stores, four anchors, Mervyn's, JC Penney, Sears and Robinson's-May, and expansion potential for a fifth anchor. At December 31, 1996, occupancy was 85% and mall store sales averaged $279 per square foot for the year then ended. Plans to expand the center are in the predevelopment stage. TrizecHahn has a 100% interest in the center.

University Towne Centre: University Towne Centre is a multi-level open air retail center in La Jolla, California designed to resemble a small European town. The center has over one million square feet of GLA containing 440,000 square feet of mall store GLA. As of December 31, 1996, the center was over 96% occupied and sales per square foot for the year then ended were $372. The center is anchored by Macy's, Nordstrom, Robinson's-May and Sears and has 151 mall stores. Plans to expand the center are in the predevelopment stage. TrizecHahn has a 74% interest in the center.

Valley Fair: In 1986, TrizecHahn created Valley Fair, a fully-enclosed two level mall straddling the city line between San Jose and Santa Clara, California by connecting two existing centers. The center has 1.1 million square feet of GLA, 469,000 square feet excluding anchor owned space. At December 31, 1996, Valley Fair's mall store space was 95% occupied and mall store sales averaged $558 per square foot for the year then ended. The center is anchored by Macy's and Nordstrom and has 167 mall stores. Plans to expand the center are in the predevelopment stage. TrizecHahn has a 50% interest in the center.

Park Meadows: On August 30, 1996, the Corporation officially opened Park Meadows, a multi-level, enclosed regional center located in Denver, Colorado. The center currently has 1.1 million square feet of GLA of which approximately 576,000 is mall store space. The center is anchored by Nordstrom and Dillard's, with two additional anchors expected to open in 1997. At December 31, 1996, Park Meadows' mall store space was 89% occupied. TrizecHahn has a 100% interest in the center.

Lease Expirations

Scheduled annual expirations for regional center leases in place at December 31, 1996 over the next five years average approximately 9% of TrizecHahn's total occupied mall store GLA, with no single year exceeding 11%. The average remaining term of retail leases in place is six years. The table below shows lease expirations for leases in place at December 31, 1996 for each of the years in the five-year period ending 2001 and the years 2002 to 2006 inclusive assuming none of the tenants exercises renewal options.

Year of Lease Expiration	Number of Mall Store Leases Expiring	GLA of Mall Store Leases Expiring[1] (sq. ft. 000's)	Annualized Net Rent under Expiring Leases[2] ($000's)	Average Net Rent under Expiring Leases[2] (per sq. ft.)	% of Total Occupied Mall Store GLA Represented by Expiring Leases
1997	297	734	$ 14,653	$19.97	9%
1998	327	889	20,189	22.71	11%
1999	254	687	14,182	20.64	8%
2000	254	631	15,804	25.04	8%
2001	265	639	17,930	28.06	8%
2002 to 2006	1,221	3,305	98,331	29.75	39%
Total	2,618	6,885	$181,089	$26.30	83%

Notes:

(1) Represents 100% of the mall store GLA expiring, not TrizecHahn's proportionate share.

(2) Represents 100% of annualized net rent, not TrizecHahn's proportionate share. Total annualized net rent equals contractual rent, including historical increases through December 31, 1996, contractual increases to date of expiry, excluding common area maintenance and property tax recoveries and percentage rents.

Rental Rate Change

In the major market retail center portfolio in 1997, there are contractual lease expirations amounting to 554,000 square feet at an average net rate of $22 per square foot. In 1996, the average uplift with first year/initial net rent on new and renewing leases entered into during the same period in rental rates achieved upon re-leasing in the major market centers was approximately $7 per square foot based on 644,000 square feet of leasing. In the mid-market segment, 180,000 square feet of retail space is expiring in 1997 at an average rate of approximately $13 per square foot, which approximates current market rates. For the mid-market segment in 1996, rental rates on new and renewing leases approximated market rates,

based on 267,000 square feet of leasing. The Corporation's share of overall retail contractual step-ups on leases in place that would take effect from January 1, 1997 to the end of the year 2001 amount to approximately $38 million, cumulatively.

Sales Performance

As described in more detail in "Occupancy Costs", mall store sales volume is a key determinant of the amount of rent that mall tenants can afford to pay. Mall store sales (for the tenants required to report sales) for 1996 were $331 per square foot for TrizecHahn's retail center portfolio, compared to $296 per square foot reported in 1995. Excluding sales amounts for those properties sold during 1996, sales per square foot were $313 in 1995. The table below sets forth sales per square foot for those properties in the portfolio at December 31, 1996.

Mall Store Sales per Sq. Ft. for Years Ended	1992	1993	1994	1995	1996
Major Market	$314	$321	$335	$342	$364[3]
Mid-Market	215	222	218	204	216
Retail Portfolio Weighted Average	$289	$296	$306	$313	$331

Notes:

(1) Sales per square foot are reported for mall store or "in-line retail' tenants only, which excludes non-retail tenants such as theaters and big-box stores occupying more than 15,000 square feet.

(2) Includes all sales reported to the Corporation by mall stores in each regional center irrespective of the Corporation's ownership interest.

(3) Excludes Park Meadows.

Occupancy Costs

Mall store tenants' ability to pay higher occupancy costs is to a large degree dependent on their sales volume given that the ratio of a tenant's occupancy costs to its sales tends to remain in a narrow range. The tenant's cost of occupancy includes three interrelated components: (i) base/minimum rent; (ii) percentage/overage rent based on the tenant's retail sales; and (iii) operating cost recoveries. For the centers which TrizecHahn owned and managed, in the years ended December 31, 1996 and December 31, 1995, mall store tenant occupancy costs as a percentage of sales averaged approximately 12% (for those tenants required to report sales). This percentage is at the mid to low end of the 10% to 15% range typical in the industry for regional centers, indicating additional capacity on the part of tenants to pay increased rent.

The following table sets forth certain information relating to occupancy costs for those malls in the retail portfolio at December 31, 1996.

Mall Store Occupancy Costs as a	Major Market For the Year Ended Dec. 31,		Mid-Market For the Year Ended Dec. 31,	
Percentage of Sales:	1996	1995	1996	1995
Base Rents	7.9%	7.6%	7.9%	7.4%
Percentage Rents	0.2%	0.4%	0.3%	0.4%
Expense Recoveries	3.6%	3.8%	4.8%	4.5%
Total Mall Store Occupancy Costs	11.7%	11.8%	13.0%	12.3%

TrizecHahn's centers have approximately 3,700 mall stores, most of which are national or regional chain stores. Although mall stores occupy only 42% of total mall GLA, TrizecHahn derived approximately 96% of its total retail rental revenue for the year ended December 31, 1996 from mall stores.

Mall Store Tenants

Current mall store leases generally provide for tenants to pay rent comprised of two elements. The first element is a fixed "base rent", often subject to increase according to a schedule agreed upon at the time an agreement to lease is signed. The second element is "percentage rent", which is based on a percentage of the tenant's gross sales to the extent that the resultant rent exceeds the "base rent" or these sales exceed a stated annual amount. While the percentage rent clause is important in enhancing a center's cash flow and value in an inflationary environment, TrizecHahn's net rental revenue is derived predominantly from contractual base rent. In the year ended December 31, 1996, base rent accounted for approximately 95% of total mall store rental revenue excluding cost recoveries.

The top ten mall store tenants in TrizecHahn's portfolio are major retail chains that generally operate under several different trade names. These tenants leased a total of 467 mall stores and accounted for 2.2 million square feet, or 21%, of the total mall store GLA at December 31, 1996. These tenants also accounted for approximately 20% of total retail rental revenue and 8% of total rental revenue in 1996. With the exception of The Limited Inc. (which accounted for slightly more than 5% of total retail center rental revenue and 2% of total rental revenue in 1996) no tenant accounted for more than 4% of total retail center rental revenue or more than 2% of total rental revenue during that period.

Rank	Tenant Name *(trade names in brackets)*	Number of Stores	Mall Store GLA (sq.ft. 000's)	% of Total Mall Store GLA
1	The Limited Inc. *(Abercrombie & Fitch, Express, Lane Bryant, Lerner Shops, The Limited, Limited Too, Structure)*	85	701	7%
2	Woolworth Corp. *(Accessory Lady, Afterthoughts, Best of Times, Carimar, Champs Sports, Foot Locker, Going to the Game!, Kids Foot Locker, Kinney Shoes, Lady Footlocker, Northern Reflections, The San Francisco Music Box Company, World Footlocker)*	123	340	3%
3	The Gap Inc. *(Banana Republic, The Gap, GapKids, Baby Gap)*	38	255	2%
4	Musicland Group Inc. *(Musicland, Sam Goody, Suncoast Motion Picture Company)*	43	202	2%
5	Casual Corner Group Inc. *(Casual Corner, Casual Corner Woman, Petite Sophisticate)*	40	151	2%
6	Intimate Brands Inc. *(Bath & Body Works, Cacique, Victoria's Secret)*	29	148	1%
7	Eddie Bauer Inc. *(All Week Long, Eddie Bauer)*	14	117	1%
8	Wet Seal Inc. *(Contempo Casuals, Wet Seal)*	27	117	1%
9	Evenson Card Shops Inc. *(Hallmark)*	27	117	1%
10	Edison Brothers Stores Inc. *(Coda, Jeans West, Oaktree, J. Riggings, Leeds, Zeidler & Zeidler, 5-7-9 Shops, Barkers Shoes, Precis, Wild Pair)*	41	96	1%
		467	2,244	21%

Anchors

Anchors are a critical factor in a retail center's success. The customer's identification with a property typically focuses on its anchors. Retail center anchors generally are department stores whose merchandise appeals to a broad range of shoppers. Although the retail centers derive a smaller percentage of their operating income from anchor stores than from mall stores, strong anchors play an important part in generating customer traffic and making the retail centers desirable locations for mall store tenants.

Of the Corporation's approximately 25 million square feet of GLA, approximately 12 million square feet or 48% is owned directly by the anchor stores. Anchors either own their stores, the land under them and adjacent parking areas, or enter into long-term leases with respect to their stores at rental rates that are significantly lower than the rents charged to tenants of mall stores. Each anchor which owns its own store enters into a reciprocal easement agreement with the other owners in the retail center covering, among other things, operating covenants, reciprocal easements, property operations, initial construction and future expansions.

The following table sets forth anchor store owners occupying greater than five anchor sites and the number of square feet owned or leased by such anchors as of December 31, 1996.

Name	Trade Names	Number of Anchor Stores	Total GLA Occupied[1] (sq.ft. 000's)
Federated Department Stores, Inc.	Macy's, The Bon Marche, Burdines, Stern's	22	3,848
The May Department Stores Co.	Robinson's-May, Lord & Taylor, Hecht's	12	1,668
JC Penney	JC Penney	11	1,628
Nordstrom, Inc.	Nordstrom	10	1,474
Sears, Roebuck and Co.	Sears	9	1,706
Dayton Hudson Corp.	Mervyn's	8	733

Note:

(1) Includes all square footage owned by or leased to such anchor tenants.

Potential Developments

TrizecHahn recently commenced predevelopment work on several projects. These properties and other existing properties that have expansion potential are described below.

New Retail Centers in the Predevelopment Stage

Name and Location	Type of Center	GLA (sq. ft.)	Anchors	Expected Opening
Aladdin Casino Las Vegas, Nevada	Specialty Retail	450,000	Hotel/Casino	1999
Denver West Lakewood, Colorado	Super Regional Center	1.3 million	Dillard's, JC Penny, Foley's, two additional anchors	1999
Fashion Outlet of Las Vegas Primm, Nevada	Factory Outlet Mall	400,000	Hotels/Casino, several upscale fashion retailers	1998
Prestonwood Town Center Dallas, Texas	Super Regional Center	1.1 million	Neiman Marcus, Dillard's, 24-plex cinema	1999
Hollywood Boulevard Hollywood, California	Specialty Retail	425,000	CinAmerica	2000

Existing Property Remodels and Expansions in the Predevelopment Stage

Name and Location	Year Built or Acquired	Year Last Expanded or Renovated	Expansion Potential
Parkway Plaza El Cajon, California	1972	1990	Add Cinema - 85,000 sq. ft. Expand one Anchor - 40,000 sq. ft.
University Towne Centre La Jolla, California	1977	1984	Expand two Anchors - 35,000 sq. ft. each
Valley Fair San Jose/Santa Clara, California	1986	--	Expand one Anchor - 75,000 sq. ft. Add Mall Store space - 180,000 sq. ft.
Los Cerritos Center Cerritos, California	1971	1995	Add Cinema - 70,000 sq. ft

Existing Properties That May be Expanded

Name and Location	Year Built or Acquired	Year Last Expanded or Renovated	Expansion Potential
Bridgewater Commons Bridgewater, New Jersey	1988	--	Expand Cinema - 50,000 sq. ft. Add one Anchor - 180,000 sq. ft. Add one Specialty Anchor - 50,000 sq.ft. Add Mall Store space - 130,000 sq. ft.
Fashion Place Mall Salt Lake City, Utah	1972	1988	Add one Anchor - 150,000 sq. ft. Expand two Anchors - 45,000 sq. ft. Add Cinema - 77,000 sq. ft. Add Mall Store space - 140,000 sq. ft.
Fashion Show Mall Las Vegas, Nevada	1981	1995	Add two Anchors - 200,000 sq. ft. each Expand four Anchors - 335,000 sq. ft. Add Mall Store space - 200,000 sq. ft.
Fox Hills Culver City, California	1975	1988	Add Cinema - 80,000 sq. ft.

If project-specific financial return targets can be achieved and customary development conditions are satisfied, construction will begin in 1997 on four of the new projects and four of the redevelopments.

Retail Property Listing

The following property listing sets forth key information with respect to TrizecHahn's regional retail properties portfolio at December 31, 1996.

Retail Centers

Name and location (Ownership %)[1]	Year completed/ renovated	Major / anchor stores	Mall stores	Total area[2] (sq. ft.)	Mall stores area (sq. ft.)	Owned area[3] (sq. ft.)	Occupancy[4]
Major Market Centers							
California							
Downtown Plaza, Sacramento (50%) [5][6]	1971/93	Macy's (2 stores)	152	1,199,000	695,000	695,000	83%
Fox Hills Mall, Culver City (94%)	1975/88	Macy's, JCPenney, Robinson's-May	129	888,000	337,000	337,000	78%
Horton Plaza, San Diego	1985/95	Macy's, Mervyn's, Nordstrom	143	864,000	503,000	639,000	95%
Los Cerritos Center, Cerritos (50%) [5]	1971/95	Macy's, Mervyn's, Robinson's-May, Nordstrom, Sears	164	1,301,000	499,000	499,000	80%
North County Fair, Escondido (55%) [5]	1986	Macy's, Nordstrom, JCPenney, Sears, Robinson's-May (2 stores)	168	1,257,000	377,000	377,000	80%
Oakridge Mall, San Jose (50%) [5]	1973/95	Macy's, Montgomery Ward, Sears	104	796,000	328,000	631,000	91%
Palm Desert Town Center, Palm Desert [8]	1983	Macy's (2 stores), JCPenney, Robinson's-May (2 stores)	135	868,000	374,000	374,000	91%
Parkway Plaza, El Cajon	1972/90	Mervyn's, JCPenney, Robinson's-May, Sears	172	1,072,000	468,000	468,000	85%
Santa Anita Fashion Park, Arcadia (40%) [5]	1974/94	Macy's, Nordstrom, JCPenney, Robinson's-May	144	1,101,000	396,000	532,000	85%
Solano Mall, Fairfield	1981/85	Macy's (2 stores), Mervyn's, Sears, JCPenney	146	1,034,000	353,000	353,000	78%
The Oaks, Thousand Oaks [8]	1978/94	Macy's (2 stores), JCPenney, Robinson's-May (2 stores)	138	1,084,000	358,000	358,000	93%
The Village at Corte Madera, Corte Madera (40%)	1985	Macy's, Nordstrom	81	428,000	210,000	210,000	92%
University Towne Centre, La Jolla (74%)	1977/84	Macy's, Nordstrom, Robinson's-May, Sears	151	1,035,000	440,000	440,000	96%
Valley Fair, San Jose/Santa Clara (50%)	1986	Macy's (2 stores), Nordstrom	167	1,138,000	469,000	469,000	95%
Central/Southwest U.S.							
Fashion Place Mall, Salt Lake City, Utah (95%)[5]	1972/88	Dillard's, Nordstrom, Sears	104	948,000	382,000	382,000	96%
The Fashion Show Mall, Las Vegas, Nevada (25%)	1981/95	Dillard's, Neiman Marcus, Macy's, Robinson's-May, Saks Fifth Avenue	129	840,000	308,000	308,000	100%
Park Meadows, Littleton, Colorado	1996	Dillard's, Nordstrom[7]	122	1,051,000	576,000	576,000	89%
Prestonwood Town Center, Dallas, Texas	1979/89	Dillard's, Lord & Taylor, Neiman Marcus, Mervyn's, JCPenney	155	1,091,000	403,000	403,000	66%[9]
Eastern U.S.							
Bridgewater Commons, Bridgewater, New Jersey (50%)	1988	Lord & Taylor, Macy's, Stern's	164	884,000	381,000	532,000	99%
Towson Town Center, Baltimore, Maryland (33%)	1959/92	Hecht's, Nordstrom	200	958,000	539,000	539,000	88%
Total - Major Market Centers (20 properties)			2,868	19,837,000	8,396,000	9,122,000	87%

Name and location (Ownership %)[1]	Year completed/ renovated	Major / anchor stores	Mall stores	Total area[2] (sq. ft.)	Mall stores area (sq. ft.)	Owned area[3] (sq. ft.)	Occupancy[4]
Mid-Market Centers							
California							
Plaza Pasadena, Pasadena (48%) [5]	1980	JCPenney, Macy's Outlet	120	569,000	278,000	569,000	58%
Santa Maria Town Center, Santa Maria (46%)	1976/90	Gottschalk's, Robinson's-May, Sears	111	609,000	268,000	494,000	68%
Sunnyvale Town Center, Sunnyvale (50%)	1979/92	Macy's, Montgomery Ward, JCPenney	121	712,000	283,000	283,000	70%
Central/Southwest U.S.							
Pueblo Mall, Pueblo, Colorado (75%)	1976/79	Joslins, Montgomery Ward, Mervyn's, JCPenney	80	575,000	192,000	289,000	89%
Westdale Mall, Cedar Rapids, Iowa (21%) [5]	1979	Montgomery Ward, JCPenney, Von Maur, Younkers	120	854,000	383,000	730,000	85%
Eastern U.S.							
Clearwater Mall, Clearwater, Florida	1972/89	Burdines, Dillard's, Gayfers, Montgomery Ward	115	844,000	298,000	686,000	78%
Pacific Northwest U.S.							
Capital Mall, Olympia, Washington (50%)	1978	The Bon Marche, Lamonts, Mervyn's, JCPenney	95	602,000	239,000	502,000	78%
Sea Tac Mall, Seattle, Washington (71%)	1975	The Bon Marche, Lamonts, Mervyn's, Sears	115	737,000	276,000	436,000	75%
Total - Mid-Market Centers (8 properties)			877	5,502,000	2,217,000	3,989,000	75%
Total - Retail Centers (28 properties)			3,745	25,339,000	10,613,000	13,111,000	85%

Properties Held for Development

Four site - various locations		462 acres held for potential development or sale

Notes:

(1) The economic interest of TrizecHahn's owning entity is 100% unless otherwise stated. Ownership interests of less than 100% have been rounded to the nearest whole percent.

(2) Includes area owned directly by major/anchor stores.

(3) Represents area owned by TrizecHahn and partners, excluding area owned by major/anchor stores. Partners means participants in partnerships and joint venture entities.

(4) Occupancy is at December 31, 1996 and reflects tenants in-place, excluding commitments and temporary tenants.

(5) These properties are situated on land leases which, after the exercise by TrizecHahn of all renewal rights where applicable, expire between the years 2027 and 2076.

(6) Includes 286,033 sq. ft. of office and mixed-use space.

(7) Two additional anchor stores, Joslin's and Foley's, are scheduled to open in the Fall of 1997.

(8) These properties are managed by TrizecHahn under a performance arrangement. Ownership interest is dependent on the results of operations and refinancing or sales proceeds of these properties after payment of a preferred return to the co-venturer or partner. Accordingly, these properties have been excluded from all operating statistics other than aggregate number of properties and square footage amounts in the portfolio.

(9) Center being strategically managed for possible redevelopment.

TrizecHahn manages all of these properties except for Sea Tac Mall.

INVESTMENTS

Barrick

TrizecHahn holds a 15.7% interest in Barrick, the largest gold mining company in North America and the second largest gold mining company in the world. Barrick has interests in eleven producing mines in Canada, the United States and South America and two mines under development and holds positions on three of the major gold belts in the Americas. Barrick produced over three million ounces of gold during 1996 and at the end of 1996, its gold reserves were more than 51 million ounces. TrizecHahn intends to use its investment in Barrick for investment in real estate growth opportunities.

Clark

TrizecHahn currently holds a 46% interest in Clark, the fourth largest independent oil refining company in the United States (based on refining capacity) and a leading independent marketer of refined petroleum products in the central United States. Clark has over 800 retail locations which sell gasoline and convenience products in ten Midwestern states, marketing more than one billion gallons of gasoline annually. Clark's refining operations include three refineries, with a combined processing capacity of over 340,000 barrels of crude oil per day, and 16 product distribution terminals.

TrizecHahn intends to divest, distribute or otherwise dispose of its interest in Clark in the near term. Consistent with this intention, TrizecHahn reported the results of Clark at December 31, 1996 as discontinued operations.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

For the Years Ended December 31 (U.S.$ millions, except per share amounts)	**1996**	**1995** (restated)(1)	**1994** (restated)(1)	**1993**	**1992**
Real estate operations:					
Rental revenue	$112.1	-	-	-	-
Rental income	62.8	-	-	-	-
Share of equity net income of Trizec	17.4	19.0	8.2	-	-
Share of net income of Barrick	31.4	44.4	44.8	41.5	34.1
Dilution gains and other, net	(69.8)	9.1	136.0	2.4	0.9
Income from continuing operations(2)	13.4	10.8	243.3	48.9	39.2
Income (loss) from the discontinued operations of Clark(2)	(7.6)	(6.5)	4.4	(9.6)	(3.8)
Net income	5.8	4.3	247.7	39.3	35.4
Per Common Share					
Income from continuing operations(2)					
- basic	$0.12	0.11	2.46	0.51	0.44
- fully diluted	0.12	0.11	2.27	0.48	0.43
Net income					
- basic	0.05	0.04	2.50	0.41	0.40
- fully diluted	0.05	0.04	2.31	0.39	0.39

As at December 31 (U.S.$ millions)					
Real estate assets	$3,574.5	51.9	44.7	51.3	34
Refining and marketing plant and equipment	-	-	505.4	422.8	367.6
Cash and short-term investments	404.2	246.8	425.5	970.4	285.2
Investments in affiliates	660.3	1,112.7	938.3	246.0	216.3
Total assets	4,857.4	1,444.6	2,207.4	1,968.9	1,163.5
Long-term debt	2,418.5	-	571.4	554.9	417.1
Exchangeable debentures(1)	855.0	565.0	477.0	600.0	-
Shareholders' equity	1,368.6	852.3	841.2	565.4	443.7

SUMMARY QUARTERLY INFORMATION (U.S.$ millions, except per share amounts)	1st Quarter (restated)[1]	2nd Quarter (restated)[1]	3rd Quarter (restated)[1]	4th Quarter (restated)[1]	Year (restated)[1]
1996					
Rental revenue	$-	-	-	112.1	112.1
Income from continuing operations[2]	(3.8)	24.4	62.9	(70.1)	13.4
Net income	(11.1)	22.9	77.0	(83.0)	5.8
Income per share from continuing operations - basic[2]	(0.04)	0.24	0.61	(0.64)	0.12
Net income per share - basic	(0.11)	0.22	0.74	(0.76)	0.05
1995					
Rental revenue	-	-	-	-	-
Income from continuing operations[2]	3.9	9.9	4.4	(7.4)	10.8
Net income	(16.5)	8.2	7.1	5.5	4.3
Income per share from continuing operations - basic[2]	0.04	0.10	0.04	(0.07)	0.11
Net income per share-basic	(0.16)	0.08	0.07	0.05	0.04

Notes:

(1) Financial information for the years 1994 to 1996 is restated to retroactively apply a change in accounting policy with respect to the 3❑% exchangeable debentures whereby their carrying value is based on the market value of the underlying Barrick shares on the balance sheet date. See Note 9a to the 1996 Consolidated Financial Statements.

(2) Subsequent to the Merger, the investment in Clark was accounted for as a discontinued operation, resulting in the reclassification of all prior periods. See Note 7 to the 1996 Consolidated Financial Statements.

(3) Certain comparative figures have been reclassified to conform to current year's presentation.

THE CORPORATION

Incorporation and History

The Corporation is an Ontario corporation. In July 1994, the Corporation (then known as The Horsham Corporation) acquired 48% of Trizec. Soon after this acquisition, it became clear to the Corporation's management team that Trizec had the potential to become a pre-eminent real estate company in North America if it had additional financial resources, a stronger balance sheet and a broader shareholder base. As well, by the Corporation becoming a real estate operating company, the potential existed for shareholders of both the Corporation and Trizec to receive additional value as a result of the realization of the discount between the trading price of the Corporation's shares prior to the announcement of the Merger and the value of the underlying operating business units. In the fall of 1996, the Corporation acquired the remaining 52% of Trizec and changed its name to Trizec Hahn Corporation.

The Corporation was originally established by the principals who founded Barrick to create a company that would generate shareholder value through the acquisition and development of business opportunities with the potential for substantial growth. At present, TrizecHahn has a 15.7% ownership in Barrick, which it intends to use for investment in real estate growth opportunities.

In 1988, the Corporation purchased 60% of Clark, the fourth largest independent oil refining company in the United States and a leading independent marketer of refined petroleum products in the central United States. At present, TrizecHahn owns 46% of Clark, however, its intentions are to divest, distribute or otherwise dispose of its investment in Clark in order to focus on real estate operations.

On June 14, 1996, the Corporation (then known as Horsham Corporation) issued Subordinate Voting Shares and Multiple Voting Shares to all former shareholders of The Horsham Corporation in exchange for the subordinate voting shares and multiple voting shares of The Horsham Corporation held by those shareholders. The share issuance took place in connection with a transaction (the "Change of Jurisdiction Transaction") which involved the amalgamation of The Horsham Corporation (a public company incorporated under the laws of Quebec which had operated as The Horsham Corporation since 1987) with a Quebec shell company, the distribution of the property, assets and rights of the resulting amalgamated company to the Corporation and the assumption of all the debts, liabilities and obligations of that amalgamated company by the Corporation. The sole purpose of the Change of Jurisdiction Transaction was to change the corporate jurisdiction of the Corporation. There was no change in the Company's overall assets, liabilities, business or operations.

Horsham Corporation was incorporated under the *Business Corporations Act* (Ontario) on September 15, 1989 as 857933 Ontario Limited. By certificate and articles of amendment dated February 22, 1996, the name of the Corporation was changed to Horsham Corporation. By certificate and articles of amendment dated April 2, 1996, the private company restrictions were removed from the articles, the number of directors was changed to a minimum of one and a maximum of 20, the existing 100 common shares were converted into 2,500 newly created Subordinate Voting Shares, a class of multiple voting shares (the "Multiple Voting Shares") with 50 votes per share was created and a class of Preferred Shares was created.

The Corporation's registered office is located at BCE Place, 181 Bay Street, Suite 3900, P.O. Box 800, Toronto, Ontario, Canada M5J 2T3.

Structure

Substantially all of the Corporation's business activities and assets are operated or held by its subsidiaries. TrizecHahn owns and manages its Canadian office portfolio through its wholly-owned subsidiary, TrizecHahn Office Properties Ltd., and certain of its subsidiaries. TrizecHahn owns its United States office portfolio through an indirect wholly-owned subsidiary, TrizecHahn Office Properties Inc., and certain of its subsidiaries. TrizecHahn's retail portfolio is owned and managed through TrizecHahn Centers Inc., an indirect wholly-owned subsidiary. The following list shows those subsidiaries with total assets which constitute more than 10% of the consolidated assets of TrizecHahn at December 31, 1996 or total revenues which constitute more than 10% of the consolidated revenues of TrizecHahn for fiscal 1996.

Company	Jurisdiction of Organization
TrizecHahn Holdings Ltd.	Canada
TrizecHahn Centers Inc.	California
TrizecHahn Office Properties Inc.	Delaware
TrizecHahn Office Properties Ltd.	Canada
TrizecHahn (USA) Corporation	Delaware

Other

A majority of the properties in which TrizecHahn has ownership interests are financed by long-term, fixed-rate mortgages or other security instruments. Information concerning the long-term indebtedness of TrizecHahn (including mortgage loans) is contained in Notes 8 and 9 to the 1996 Consolidated Financial Statements.

At December 31, 1996, TrizecHahn had approximately 2,145 employees, 400 of whom were employed in the operations of the office portfolio, 1,650 in the operations of the retail portfolio, 30 in the international portfolio and 65 at the corporate level.

DIVIDEND POLICY

In connection with the Merger, in October 1996 the Corporation announced its intention to pay, semi-annually, a dividend at a rate, initially, of $0.25 per share per annum to the holders of the Subordinate Voting Shares and Multiple Voting Shares. Consistent with this announced intention, the first semi-annual dividend of $0.12 per share was declared on February 12, 1997 and was paid on March 17, 1997 to shareholders of record at the close of business on March 3, 1997. The declaration of dividends in the future is subject to such factors as TrizecHahn's board of directors may deem relevant.

DIRECTORS AND OFFICERS

The directors of the Corporation are listed below.

Name, Principal Occupation and Major Position and Offices with TrizecHahn and Significant Affiliates (and year person became a director)	Municipality of Residence	Year of Expiry of Initial Term following 1997 Annual Meeting	Number and Class of Shares/Warrants[1] Subordinate Voting Shares	Multiple Voting Shares	Trizec-Hahn Warrants
C. William D. Birchall (1990) Vice Chairman, TrizecHahn[9][11]	Toronto, Ontario	1998	2,074,354[2]	–	–
Willard J. L'Heureux (1996) Managing Director, International, TrizecHahn	Toronto, Ontario	1998	–	–	25,000
The Right Honourable Brian Mulroney (1993) Senior Partner, Ogilvy Renault (barristers & solicitors)[11]	Montréal, Québec	1999	500	–	–
Peter Munk (1987) Chairman and Chief Executive Officer, TrizecHahn Chairman and Chief Executive Officer, Barrick Gold Corporation (gold mining company)[9]	Toronto, Ontario	2000	1,194,532[3]	7,522,283[3]	50,000
Jeremiah W. O'Connor, Jr. (1995) Chairman and Chief Executive Officer, The O'Connor Group (real estate investment firm)	Bronxville, New York	2000	–[4][5]	–	–
Karl Otto Pöhl (1992) Partner, Sal. Oppenheim jr. & Cie. (private bank)[9]	Kronberg, Germany	1998	293,000	–	–
Thomas S. Quinn, III (1996) Managing Director, J.P. Morgan Capital Corporation (investment bank)[9][10]	New York, New York	1999	–	–	–
Joseph L. Rotman (1988) Chairman and Chief Executive Officer, Clairvest Group Inc. (merchant bank)[10]	Toronto, Ontario	2000	849,800[6]	–	–
Glenn J. Rufrano (1996) President and Chief Operating Officer, The O'Connor Group (real estate investment firm)[9][11]	Bellmore, New York	2000	–[5]	–	–
Andrew Sarlos (1987) Chairman and Director, Andrew Sarlos & Associates Limited (investment counsellors)[10]	Toronto, Ontario	1999	100,000[7]	–	–
Gregory C. Wilkins (1993) President and Chief Operating Officer, TrizecHahn[9]	Markham, Ontario	1998	30,000	–	–

Notes:

(1) The information as to shares and warrants beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.

(2) Birchall Investment Partnership, a general partnership in which Mr. Birchall is a partner, owns 2,074,354 Subordinate Voting Shares. Mr. Birchall exercises control or direction over the shares owned by Birchall Investment Partnership.

(3) Mr. Munk's holdings include 1,192,532 Subordinate Voting Shares and 7,522,283 Multiple Voting Shares owned through P.M. Capital, and 2,000 Subordinate Voting Shares owned by family members. Mr. Munk's Multiple Voting Shares are convertible into Subordinate Voting Shares, at his option, on the basis of one Subordinate Voting Share for each Multiple Voting Share converted. P.M. Capital has agreed not to vote more than 2,832,967 of its Multiple Voting Shares.

(4) Mr. O'Connor may be regarded as exercising control or direction over the 16,216,721 Subordinate Voting Shares held by Argo Partnership, L.P. as a result of his indirect control of Argo Management Company, L.P., the general partner of Argo Partnership, L.P.

(5) While neither Mr. O'Connor nor Mr. Rufrano owns any Subordinate Voting Shares directly, each has a significant economic interest in Argo Partnership, L.P. and its investments generally, including the 16,216,721 Subordinate Voting Shares owned by Argo Partnership, L.P.

(6) Mr. Rotman owns 50,000 Subordinate Voting Shares directly. Amaranth Resources Limited, a company controlled by Mr. Rotman, and its wholly-owned subsidiary company own 799,800 Subordinate Voting Shares.

(7) Donbarn Investments Limited, a company controlled by Mr. Sarlos, owns 100,000 Subordinate Voting Shares.

(8) The directors have been engaged in their principal occupations set out above or in other capacities with their present employer for the past five years except:

- Mr. Birchall was previously Managing Director of Horsham Properties GmbH. He was Chief Financial Officer of Arlington Investments Limited until November 1992.
- Mr. L'Heureux was Managing Partner and President of Hees International Bancorp Inc. from 1988 to 1992. He held the position of President and Chief Executive Officer of Trizec Corporation Ltd. until March 6, 1996.
- Mr. Mulroney was Prime Minister of Canada prior to June 1993.
- Mr. Rotman was President of Roy-L Capital Corporation and its affiliated companies prior to November 1992.
- Mr. Wilkins was Executive Vice President and Chief Financial Officer of Barrick Gold Corporation until September 1993.

(9) Member of the Executive Committee.

(10) Member of the Audit Committee.

(11) Member of the Compensation Committee, the Nominating Committee and the Corporate Governance Committee.

Upon the completion of the acquisition of European real estate development projects from Advanta Management AG scheduled to occur in April 1997, Mr. Dieter Bock will become Vice Chairman and a director of the Corporation.

The officers of the Corporation are listed below.

Name, Principal Occupation and Major Positions and Offices with TrizecHahn and Significant Affiliates	Municipality of Residence
Peter Munk, Chairman and Chief Executive Officer	Toronto, Ontario
C. William D. Birchall, Vice Chairman	Toronto, Ontario
Gregory C. Wilkins, President and Chief Operating Officer	Markham, Ontario
Gregory W. Sullivan , Executive Vice President and Chief Financial Officer	Oakville, Ontario
Willard J. L'Heureux, Managing Director, International	Toronto, Ontario
J. Douglas Bradley, Managing Director, Corporate Development	Toronto, Ontario
Richard J. Steets, Executive Vice President	Toronto, Ontario
Lee H. Wagman, Executive Vice President	St. Louis, Missouri
Casey R. Wold, Executive Vice President	Lake Forest, Illinois
Upkar S. Arora, Senior Vice President, Finance	Mississauga, Ontario
Robert B. Wickham, Senior Vice President and Treasurer	Oakville, Ontario
Sari L. Diamond, Vice President and Corporate Secretary	Toronto, Ontario
Luigi L. Favit, Vice President and Controller	Toronto, Ontario
James Hutchison, Vice President, Taxation	Toronto, Ontario
Arthur G. Lloyd, Vice President, Acquisitions and Asset Sales	Calgary, Alberta
Norman W.V. Purves, Vice President Development	Toronto, Ontario

As of March 21, 1997, approximately 4,542,686 Subordinate Voting Shares and 7,522,283 Multiple Voting Shares were beneficially owned by, or subject to the control or direction of, directors and officers of the Corporation as a group.

All directors and officers of the Corporation have been engaged for more than five years in their current principal occupation or in other capacities with their present employer or with Trizec, except:

- Mr. Birchall was previously Managing Director of Horsham Properties GmbH. He was Chief Financial Officer of Arlington Investments Limited until November 1992.
- Mr. L'Heureux was Managing Partner and President of Hees International Bancorp Inc. from 1988 to 1992. He held the position of President and Chief Executive Officer of Trizec Corporation Ltd. until March 6, 1996.
- Mr. Rotman was President of Roy-L Capital Corporation and its affiliated companies prior to November 1992.
- Mr. Wilkins was Executive Vice President and Chief Financial Officer of Barrick Gold Corporation until September 1993.
- Mr. Sullivan was a real estate executive with Aldrich, Eastman & Waltch from 1987 to September 1994.
- Mr. Bradley was a Partner with Coopers & Lybrand prior to joining the Corporation in December 1994.
- Mr. Steets was a real estate executive with Aldrich, Eastman & Waltch from 1989 to April 1992 and was a partner at the law firm of Sullivan & Worcester from 1992 to January 1995.
- Mr. Wagman was Chairman of Hycel Properties from 1982 to April 1995.
- Mr. Wold was employed in several positions within the Sam Zell group of companies from July 1987 to January 1995, including Executive Vice President of Equity Office Properties, Inc.
- Mr. Arora was employed in several positions in treasury, finance and acquisitions at Olympia & York Developments Limited from 1988 to April 1993 and at Reichmann International from May 1993 to February 1995.
- Ms. Diamond was employed by Burnet, Duckworth & Palmer, Barristers and Solicitors, from 1987 to 1990 and in various contract positions until October 1992.
- Mr. Favit was employed in several positions at Bramalea Inc. from 1986 to 1995, including Senior Vice President, Finance and Administration of the Canadian Residential Group.
- Mr. Hutchison held various positions, including Director of Taxation, with IBM Canada Ltd. until 1992 and was Vice President, Taxation with Bramalea Inc. from 1993 to 1995.
- Mr. Purves was Vice President, Development at CN Real Estate Ltd. from 1992 to 1995.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are Coopers & Lybrand, 145 King Street West, Toronto, Ontario, Canada M5H 1V8. The transfer agent and registrar for the Subordinate Voting Shares in Canada is The R-M Trust Company at its principal offices in Toronto and Montreal, and in the United States is Mellon Securities Trust Co. at its principal office in New Jersey.

STOCK EXCHANGE LISTINGS

The Subordinate Voting Shares are listed and posted for trading on the New York, Toronto and Montreal stock exchanges under the symbol "TZH". The Corporation's Class A Warrants are listed and posted for trading on the New York, Toronto and Montreal stock exchanges under the symbol "TZH.WT.A". Trizec Finance's Senior Notes are listed and posted for trading on the New York Stock Exchange as "TZC.05". The Corporation's 3❑ and 3% Exchangeable Debentures are listed and posted for trading on The Toronto Stock Exchange under the symbols "TZH.du" and "TZH.db.v", respectively.

ADDITIONAL INFORMATION

Additional information, including information with respect to directors' and executive officers' remuneration and indebtedness and options to purchase securities of the Corporation, is contained in the Corporation's Management Information Circular dated March 24, 1997. Copies of the Corporation's Management Information Circular, 1996 Consolidated Financial Statements and this Annual Information Form may be obtained upon request from the Corporate Secretary, TrizecHahn, BCE Place, 181 Bay Street, Suite 3900, Toronto, Ontario, Canada M5J 2T3.

The Corporation shall provide any person or company, upon request to the Corporate Secretary of Trizec, the following documents:

(a) at such time as the Corporation is in the course of a distribution of its securities pursuant to a short form prospectus or has filed a preliminary short form prospectus in respect of a proposed distribution of its securities:

  (i) one copy of its latest Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated therein by reference;

  (ii) one copy of its financial statements for its most recently completed financial year in respect of which such financial statements have been issued, together with the report of the auditor thereon, and management's discussion and analysis of its financial condition and results of operations, and one copy of its interim financial statements subsequent to the filing of its annual financial statements;

  (iii) one copy of its Management Information Circular in respect of its most recent annual meeting of shareholders which involved the election of directors; and

  (iv) one copy of any other reports which are incorporated by reference into the preliminary short form prospectus or the short form prospectus; or

(b) at any other time, the documents referred to in clauses (a)(i), (ii) and (iii) above (provided that the Corporation may require, at its discretion, the payment of a reasonable charge from such person or company who is not one of its security holders where the documents are furnished under this clause (b)).

APPENDIX A

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General Description of the Corporation

TrizecHahn Corporation was formed, effective October 31, 1996, as a result of the merger (the Merger) between Horsham Corporation and Trizec Corporation Ltd. (Trizec). Prior to this date, Horsham held a 48% equity interest in Trizec. The Merger was accounted for by Horsham as an acquisition of the 52% remaining interest in Trizec. Horsham's name was changed to TrizecHahn to reflect the fact that the Corporation is now a fully-integrated, growth-oriented real estate development and operating company.

TrizecHahn is one of the largest publicly traded real estate companies in North America, with total market capitalization (including long-term debt) at December 31, 1996 of approximately $6.3 billion. The Corporation has total assets of $4.9 billion at book value. Reflecting TrizecHahn's investment in Barrick at market (using the stock price on December 31, 1996), total assets were $6.0 billion. The Corporation owns interests in a portfolio of 66 properties containing 51.5 million square feet, of which TrizecHahn's ownership interest is approximately 31 million square feet. TrizecHahn derived approximately 56% of its total rental income from office properties and 44% from retail properties for the year ended December 31, 1996, on a pro forma basis. Approximately 70% of this income was from properties in the United States and 30% from properties in Canada.

A majority of the office space in TrizecHahn's 38 office properties is in Class A properties located in central business districts (CBD) of major North American cities, such as Houston, Calgary, Dallas and, with a recent acquisition, New York. The U.S. office portfolio is comprised of 21 buildings aggregating 15.4 million square feet. The Canadian office portfolio is comprised of 17 buildings totalling 10.8 million square feet. The Corporation's retail portfolio consists of ownership in 28 U.S. shopping centers comprising 25.3 million square feet in 10 states. These centers are primarily dominant super-regional fashion centers in major metropolitan areas that cater to upper-income customers. Of the total retail portfolio square footage, 63% was located in California.

The Corporation has an established European operation, TrizecHahn Europe GmbH, and offices in Berlin, Prague, and Budapest, as well as in Hong Kong, through which the Corporation is pursuing an international expansion program aimed at applying its North American real estate expertise to developing markets. Currently, TrizecHahn's investment outside of North America does not comprise a significant portion of the Corporation's assets or its cash flow.

TrizecHahn also holds substantial interests in two other companies consisting of a 15.7% interest in Barrick Gold Corporation and a 46.2% interest in Clark USA Inc., each of which it intends to use for investment into real estate opportunities. Barrick is the second largest gold company in the world with reserves of over 51 million ounces at December 31, 1996. Clark is the fourth largest independent oil refining company in the United States, a leading independent marketer of refined petroleum products in the central United States and has over 800 gasoline and convenience stores.

Operating and Capital Strategies

Overall Operating Strategy

TrizecHahn's operating strategy is to enhance shareholder value through sustained growth in operating cash flow. The Corporation believes it can achieve this goal by applying its core competencies of superior property management and leasing, development expertise, strategic asset management and financial skills to the following strategies:

- opportunistically acquire office properties;
- develop and redevelop major market centers;
- maximize cash flow from existing properties;
- dispose of non-strategic assets;
- optimize the deployment of capital between competing investment alternatives; and
- pursue international and real estate-related opportunities.

Implementation of these strategies will ensure a continued pipeline of growth opportunities in the short, medium and long-term.

Capital Strategy

TrizecHahn's capital strategy complements its operating strategy through the following key elements:

- employ an appropriate degree of leverage during a real estate recovery phase;
- allocate capital between product line (office, retail or other), investment type (acquisitions or developments), and geography (the U.S., Canada, or international) based on the best risk-adjusted returns;
- continue to realize on the value of the Barrick and Clark investments to invest in real estate opportunities;
- minimize capital at risk in international projects; and
- actively manage its exposure to interest rate fluctuations.

TrizecHahn is structured as a real estate operating company, not a Real Estate Investment Trust (REIT). Consequently, it can pay dividends at lower levels, retain capital for growth, sell assets, and pursue growth-oriented real estate opportunities outside of North America and in related businesses; REITs are subject to restrictions in these areas. However, similar to REITs, the Corporation is not in a significant current tax paying position due to the significant tax loss carryforwards available.

Management will be oriented towards retaining capital for reinvestment rather than reducing debt so as to provide greater enhancement to shareholder value. Therefore, in the current environment, the Corporation will seek a target leverage ratio of between 50% and 60%.

Due to its active asset disposition and redevelopment strategy, the Corporation intentionally keeps a portion of its debt on a floating rate basis. This gives TrizecHahn flexibility for sales, redevelopments and refinancing without high prepayment penalties. To better implement the cost-effectiveness and flexibility of its capital plan, the Corporation continually monitors short-term and long-term interest rates entering into long-term fixed rate loan arrangements, or interest rate swap and cap contracts, to manage the interest rate risk on its long-term debt. It is the Corporation's objective, based on the current interest rate

environment as well as its asset sale and financing plan, to maintain unhedged floating rate debt at between 20% and 30% of long-term debt. At December 31, 1996, approximately $473 million or 20% of the Corporation's long-term debt was on an unhedged floating rate basis.

The Corporation intends to use its cash flow for growth through acquisitions, developments and redevelopments. Therefore, it has established a dividend pay-out level that is consistent with a growth-oriented company in which capital is retained for reinvestment in real estate opportunities. Subsequent to year-end, the Corporation declared a semi-annual dividend of $0.12 per share.

Historical Financial Review

The historical financial statements are those of Horsham (renamed TrizecHahn as a result of the Merger). These statements reflect Horsham's 48% interest in Trizec accounted for on the equity method for the period January 1, 1996 to October 31, 1996 and for all of 1995, and consolidation of 100% of Trizec's operations from November 1, 1996 to December 31, 1996 on a line-by-line basis. Due to this complexity, the 1996 Consolidated Financial Statements which present historical financial data do not provide the reader with an informative basis on which to determine the Corporation's future profitability. To assist the reader in understanding the impact of the Merger on future performance, and to allow for year-over-year comparison of the Trizec real estate operations, a pro forma presentation is provided throughout the 1996 Consolidated Financial Statements, as if the Merger had occurred at the beginning of the fiscal year presented. A review of the results of operations based upon the pro forma presentation is provided after the review of the historical financial statements.

Net Income Analysis	For the Years ended December 31,	
($ millions)	1995	1996
Income from Trizec:		
Consolidated operating results (post Merger)	$ 7	-
Equity accounting basis (pre-Merger)	17	19
Valuation adjustment, net of tax	(56)	-
	(32)	19
Income from Barrick:		
Equity accounting basis	31	44
Dilution gains	39	7
	70	51
Corporate		
Consolidated operating results	(4)	(10)
Exchangeable debentures revaluation, net of tax	(20)	(49)
	(24)	(59)
Income from continuing operations	14	11
Income (loss) from Clark		
Equity accounting basis	(26)	1
Consolidated operating results	-	(32)
Dilution gains	18	24
Loss from discontinued operations	(8)	(7)
Net income	$ 6	4

Prior to the Merger between Horsham and Trizec which created TrizecHahn, Horsham was a holding company. TrizecHahn is a real estate operating company. In past years at Horsham, the market

value of investments rather than cash flow from operations was the most meaningful indicator of performance, as this indicator focused on the underlying value being created in the distinct operating business units. The above Net Income Analysis table isolates certain non-recurring and non-cash charges to income. It also takes into account changes in the Corporation's financial statement disclosure and accounting treatment directly attributable to the Merger, as described below.

Trizec

The acquisition of the remaining 52% interest in Trizec for consideration less than book value has resulted in a $61 million net reduction to the carrying values of TrizecHahn's assets and liabilities (see Note 3 to the 1996 Consolidated Financial Statements). A corresponding charge to net income of $56 million (net of a $50 million deferred tax recovery) was recorded. This represents a reduction of the 48% interest in certain property carrying values established at the time of Horsham's initial investment in these properties.

Barrick

Effective December 31, 1996, the Corporation adopted the cost method of accounting for its investment in Barrick. Future income from this investment will be recognized only to the extent of cash dividends received (1996 - $8 million, 1995 - $7 million). Barrick's results declined in 1996, primarily due to a one time charge to cover the costs of its Cerro Corona project in Peru; this project did not meet Barrick's development criteria. The Corporation recorded a dilution gain of $39 million in 1996 as a result of the shares issued by Barrick as part of the acquisition of Arequipa Resources Ltd.

Corporate

Because TrizecHahn intends to use its investment in Barrick to finance the growth of its real estate business and to create consistency on a prospective basis with the accounting treatment mandated for the $275 million of 3% Exchangeable Debentures issued in 1996 and possible future issues, the $600 million of 3¼% Exchangeable Debentures which were historically carried at their face amount were retroactively marked to market. As detailed in Note 9 to the 1996 Consolidated Financial Statements, this change in accounting policy resulted in a non-cash revaluation adjustment reflected in the determination of net income in the current and prior years. The cumulative effect of this revaluation is zero over the period 1994 to 1996. In the future, as it is contemplated that delivery of the underlying Barrick shares will be made in satisfaction of the liability, hedge accounting will be applied from January 1, 1997. This will eliminate net income volatility related to the 3¼% Exchangeable Debentures in future years as any changes to the carrying value of the Exchangeable Debentures will be offset by a deferred charge on the balance sheet.

Clark

Consistent with its business and capital strategies, the Corporation plans to divest, distribute or otherwise dispose of its 46% interest in Clark within a one-year time horizon with no loss on disposal anticipated. As a result of this planned disposition, Clark's results of operations and changes in cash flow have been disclosed separately from those of continuing operations in the current and prior periods and have been classified as discontinued operations. It is anticipated that Clark will not have an impact on net income until the Corporation's interest in Clark is divested.

In 1996, Clark's results suffered from difficult refining and retail market conditions caused by higher crude oil prices, which reduced margins in the industry. The Corporation recorded a dilution gain of $18 million in 1996 as a result of Clark's recognition of issued equity, relating to the monetization of one of its advance crude oil purchase receivables acquired in late 1995.

Pro Forma Reconciliation

As previously noted, due to the complexity of the Corporation's historical financial statements, a pro forma presentation is provided throughout the 1996 Consolidated Financial Statements as if the Merger had occurred at the beginning of the fiscal year presented. The pro forma financial statements include, on a consolidated line-by-line basis, the 52% previously non-owned share of Trizec's results plus the initial 48% ownership interest. Pro forma per share amounts were calculated as if the shares issued upon the acquisition of the remaining interest in Trizec (32.9 million shares) were issued at the beginning of the fiscal period presented. No other adjustments were made to the pro forma financial statements. The following reconciliation summarizes the calculation of pro forma net income.

Pro Forma Net Income Analysis ($ millions, except per share amounts)	For the Years ended December 31 1996	 1995
Historical net income as reported	$ 6	$ 4
Non-owned 52% of Trizec pre-Merger net income	19	21
Net income on a pro forma basis	$ 25	$ 25
Per share	$0.18	$0.18

The detailed review of real estate operating results which follows is based upon this pro forma presentation.

Results of Real Estate Operations

Pro forma cash flow from real estate operations was approximately $126 million, $0.92 per share ($0.89 fully diluted), for the year ended December 31, 1996, compared with $100 million, $0.74 per share ($0.73 fully diluted), in 1995. Pro forma net income in 1996 was $25 million, $0.18 per share, essentially unchanged from 1995.

Pro Forma Cash Flow from Real Estate Operations ($ millions, except per share amounts)	Pro Forma For the Years ended December 31, 1996	 1995	 Change
Rental income:			
Office properties			
U.S.	$ 88	$ 63	$ 25
Canada	101	103	(2)
	189	166	23
U.S. retail centers:			
Major market	122	101	21
Mid-market	28	39	(11)
	150	140	10
Total rental income	339	306	33
General and administrative expense	(29)	(26)	(3)
Interest expense, net	(180)	(178)	(2)
Current taxes	(4)	(2)	(2)
Cash flow from real estate operations (FFO)	$126	100	26
Per Share:			
Basic	$0.92	0.74	0.18
Fully diluted	$0.89	0.73	0.16

The Corporation prepares its financial statements in accordance with Canadian GAAP, with the major differences from U.S. GAAP described in Notes 2 and 16 to the 1996 Consolidated Financial Statements. Specifically, the Corporation uses the proportionate consolidation method for accounting for joint ventures rather than the cost or equity methods, carries its investment in Barrick at cost rather than at market value, follows the deferral method of accounting for income taxes rather than the liability method, and depreciates properties using the sinking fund method rather than the straight-line method.

In the U.S., The National Association of Real Estate Investment Trusts ("NAREIT") has adopted a measurement called Funds From Operations ("FFO") to supplement net income as a measure of operating performance. This measurement is considered to be a meaningful and useful measure of real estate operating performance. TrizecHahn's presentation of cash flow from real estate operations is consistent with NAREIT's definition of FFO. FFO does not represent cash flow from operations as defined by Canadian GAAP and U.S. GAAP. This measure is not necessarily indicative of cash available to fund cash needs and should not be considered as an alternative to cash flow as a measure of liquidity.

Pro forma cash flow from real estate operations for the year ended December 31, 1996 was 26% higher than in 1995, due primarily to the impact of acquisitions made in the second half of 1995, and the latter part of 1996. The major components of the Corporation's pro forma net income and cash flow from real estate operations are discussed under the following headings: rental income; general and administrative expense; interest expense, net; depreciation expense; and income and other corporate taxes.

Rental Income

Pro forma rental income for the year ended December 31, 1996 was approximately $339 million, compared to $306 million in 1995, an 11% increase. Excluding the results of properties disposed of during 1995 and 1996, rental income increased 18%. Rental income consists of base rent, percentage rent and operating cost recoveries, less cost of operations and property taxes. The following table identifies the principal factors contributing to the improved rental income performance.

Pro Forma Rental Income Change ($ millions)	Office Portfolio	Regional Center Portfolio	Total
Performance of comparable properties	$ 5	4	9
Acquisitions	29	12	41
Retail center developments	-	7	7
Dispositions and other	(11)	(13)	(24)
Total increase in rental income	$ 23	10	33

Rental income for comparable properties (i.e. those properties owned at December 31, 1996 and 1995) was higher in 1996 due primarily to the improvement in California retail sales, the success of the retail specialty leasing program, the downsizing of certain property management functions, and the implementation of operating cost efficiencies in the office portfolio. However, this year-over-year growth does not reflect the benefit of operational and leasing improvements made subsequent to acquisition, for those properties acquired in the second half of 1995 (Renaissance Tower, Northstar Center and Gateway Center). For example, at Renaissance Tower alone, the impact of a lease with Blockbuster Entertainment (215,000 square feet) should result in an increase in rental income of $1 million over the 1996 levels.

The 1996 rental income is not representative of annual rental income for those properties in place at December 31, 1996. Rental income from a significant number of dispositions, acquisitions and the Park

Meadows development has been included for part of 1996. Eliminating asset dispositions and annualizing actual 1996 rental income from office acquisitions and Park Meadows for a full year would result in total rental income of approximately $360 million.

Office Portfolio

Pro forma office rental income increased 14% to $189 million in 1996, from $166 million in the comparable period last year. The majority of this increase was due to the 4.5 million square feet of U.S. office acquisitions made in the second half of 1995 and, to a lesser degree, the 4.3 million square feet acquired in the latter part of 1996. The impact of acquisitions was partially offset by sales of non-strategic properties. Overall, the proportion of office income from the U.S. to total office income increased to 46% from 38%.

In the office portfolio, for the year ended December 31, 1996, the Corporation signed leases totaling 3.4 million square feet, of which TrizecHahn's proportionate interest was 3.1 million square feet, consisting of 2.0 million square feet in the U.S. and 1.1 million square feet in Canada. Occupancy remained at 92% in Canada, while in the U.S. it declined from 86% at December 31, 1995 to 82% at December 31, 1996. This decline was due primarily to the impact of the U.S. acquisitions with lower occupancies completed in the fourth quarter of 1996 (particularly Allen Center with a 76% occupancy at the time of acquisition in November 1996). Due to these acquisitions, total office portfolio occupancy declined by 3% to 86%. However, these lower occupancy rates represent a significant opportunity to improve rental income as the vacant space is leased up.

During 1996 the improvement in rental income as a result of contractual rent increases in existing leases was offset by rental rates on new and renewing leases being lower than on expiring leases by approximately $2 per square foot. In 1994, this roll down in rents on expiring leases was approximately $3 per square foot, and for 1995 was approximately $2 per square foot. While the recent trend has been toward a continued narrowing of the gap between expiring and renewing rental rates, 1996 rental income was affected by certain above market large leases that expired at Cullen Center. The acquisition in February 1997 of a 49.9% interest in a 2.7 million square foot portfolio of three properties in New York, which has leases in place at rents significantly below market, should partially offset the roll down in expiring leases. In addition, aggregate contractual increases in office rents for the five years ending December 31, 2001 - for leases in place at December 31, 1996 - amount to approximately $70 million, on a cumulative basis.

Retail Center Portfolio

Despite significant dispositions in 1996, TrizecHahn's retail centers reported an 8% increase in pro forma rental income to $150 million, compared with $140 million in 1995. The majority of this growth came from the major market centers, where rental income increased by approximately 20%, largely due to the opening of Park Meadows as well as the acquisition of additional ownership interests in two centers and participating ground leases in five centers at the end of 1995. Consistent with TrizecHahn's strategy of focusing on dominant super-regional centers, 81% of total retail rental income was derived from the major market centers in 1996 versus 72% in 1995. Rental income from the mid-market portfolio declined $11 million or approximately 28%, due to the disposition of almost 50% of this segment's leasable area since the beginning of 1995. In 1997, the mid-market segment will contribute even less, since 1996 rental income includes a full year's rental income on certain mid-market centers that were sold in December 1996. While dispositions will reduce rental income in the short-term, it is TrizecHahn's strategy to invest the net proceeds from sales in assets which have better long-term growth prospects and sustainability of cash flow.

For the retail centers portfolio overall, there was positive sales growth of approximately 12%, as average center sales improved from $296 per square foot in 1995 to $331 per square foot in 1996. Over the same period, major market sales increased from $335 to $364 per square foot and mid-market sales per square foot increased from $201 to $216 per square foot.

In addition, rental income improvements in the regional centers came about as a result of average rental uplifts on new and renewing leases of approximately $7 per square foot in the major market centers. During 1996, TrizecHahn leased 910,000 square feet in its regional center portfolio, of which its proportionate interest was 609,000 square feet. Combined occupancy (excluding specialty leasing) at December 31, 1996 was 85% (87% for major market centers and 75% for mid-market centers), a decline of 3% from the occupancy levels at December 31, 1995 (91% for major market and 81% for mid-market). The occupancy declines are primarily attributable to two properties in the portfolio which are being strategically managed for possible redevelopment.

TrizecHahn's occupancy statistics exclude specialty leasing and temporary tenants occupying premises for less than a year. Including temporary tenants, the Corporation's occupancy was 92% at December 31, 1996. TrizecHahn has a dedicated specialty leasing program, which was created to ensure the continuation of a durable cash flow stream from these specialty tenants, to effectively use space that would otherwise remain vacant, and to enable tenants to test their success prior to signing permanent leases. Management believes that so long as this strategy continues to represent a recurring contribution to cash flow in the future, occupancy levels should include such tenants.

In aggregate, contractual increases in retail minimum rents for the five years ending December 31, 2001 - for leases in place at December 31, 1996 - amount to approximately $38 million, on a cumulative basis.

The increase in rental income attributable to retail center development primarily relates to the successful opening in August 1996 of Park Meadows in Denver, a super-regional center which will comprise 1.5 million square feet when completed. The center, which was over 93% leased (including commitments) at opening and has generated annualized sales of over $400 per square foot, contributed approximately $6 million to rental income since opening.

General and Administrative Expense

General and administrative costs include only expenses for corporate level and asset management functions. Expenses for property management and fee-based services are recorded as a reduction of rental income. Corporate level expenses relate primarily to public company governance, reporting and management functions. Pro forma general and administrative expenses were $3 million higher for the twelve months ended December 31, 1996 as compared to the same period in the prior year. This increase was anticipated and is primarily timing-related, as costs for many of the new senior management team as well as other staffing replacements were included only for a part year in 1995. However, as a direct result of the Merger, and the implementation of cost efficiencies, savings of approximately $3 million in the area of administrative and public company costs are anticipated in 1997. These savings may be offset by costs incurred to further pursue the new business developments internationally and in the airport sector.

Interest Expense, Net

The year-over-year improvement in pro forma rental income for the twelve month period in 1996, as compared with 1995, was offset in part by higher pro forma interest expense, net. The following principal factors accounted for this increase.

Pro Forma Interest Expense Analysis ($ millions)	
Acquisitions	$17
Dispositions	(8)
Senior Notes issue	6
Interest rate changes	(7)
Interest income and other	(6)
Total increase (decrease)	$ 2

The U.S. office property acquisitions in the second half of 1995 and the latter part of 1996, which were primarily financed with vendor financing, contributed to higher interest expense in 1996. Trizec issued Senior Notes in October 1995 with a coupon of 10.875%, the proceeds of which were used to reduce maturing second mortgage and unsecured debt at an average rate lower than 10.875%, causing an increase to interest expense. A continued decline in variable interest rates during 1996 as compared to 1995, particularly in Canada, reduced interest expense.

Interest income earned on cash balances increased in 1996 primarily due to the investment of proceeds received on the $275 million of 3% Exchangeable Debentures issued in January 1996, partially offset by the impact of lower interest rates on investment in 1996. These cash resources will continue to be invested into higher yielding real estate investments. Servicing costs of the Exchangeable Debentures have been excluded from cash flow from real estate operations because the Exchangeable Debentures are not secured by real estate, and the proceeds from these issues have been invested in Trizec as capital contributions.

The pro forma interest coverage ratio (defined as rental income less general and administrative expense divided by interest expense, net) improved to 1.72:1 for the year ended December 31, 1996 from 1.57:1 in 1995. This improvement was due primarily to improved underlying operations and cash flow.

Pro forma interest expense, net, as reported includes a significant number of dispositions, acquisitions and the Park Meadows development for a partial year. Eliminating interest expense on assets disposed of and annualizing the actual interest expense on office acquisitions and Park Meadows for an entire year would result in interest expense, net, of approximately $190 million.

Depreciation Expense

Pro forma depreciation expense was $40 million in 1996, $7 million higher than the prior year. This increase was due, in part, to the acquisitions made in the second half of 1995, and the latter part of 1996. Depreciation expense increases with the build-up of tenant installation costs which are amortized over the term of the respective lease, and increases due to the compounding effect of applying the sinking fund method of depreciation. The reduction in property carrying values, as a consequence of the Merger and subsequent valuation adjustment, will marginally reduce depreciation expense in the future.

Income and Other Corporate Taxes

The significant components of pro forma income and other corporate taxes are as follows.

Pro Forma Income and Corporate Taxes ($ millions)	Pro Forma for the Years Ended December 31, 1996	1995
Deferred income taxes		
- operations	$(17)	$(20)
- debenture revaluation	15	39
- valuation adjustment	50	-
	48	19
Current taxes	(4)	(2)
Income and other corporate tax recovery (expense)	$44	$ 17

TrizecHahn's provision for income taxes against operating income (excluding dilution gains and income from affiliates) was approximately 28% of net income before taxes in 1996. This rate is lower than the combined basic Canadian federal and provincial income tax rate of approximately 44%, largely due to lower income tax rates applicable to income earned from operations in the United States and the utilization of tax losses against Canadian income. Current taxes payable are higher in 1996 compared to 1995 due to the non-recurring receipt of a tax refund in 1995 related to a favorable reassessment of prior years.

As detailed in Notes 10 and 16 to the 1996 Consolidated Financial Statements, the Corporation has accumulated approximately $181 million in loss carryforwards for Canadian income tax purposes available to reduce future Canadian income for tax purposes. The benefit of these loss carryforwards has not been reflected in the accounts. In addition, there are capital losses and tax deductions available to be utilized in future years in the aggregate amount of $127 million. In the United States, the Corporation has approximately $444 million in net operating losses available to defer cash taxes otherwise payable. Consequently, the Corporation does not expect to be in an income tax paying position in the near term. The actual cash taxes paid relate to small amounts of federal alternative minimum tax and state income taxes in the U.S. and large corporations tax in Canada.

Asset Review

As reflected in the pro forma Consolidated Statement of Changes in Cash Flow, the following property investment activities occurred in 1996.

Properties Analysis ($ millions)	
Acquisitions of rental properties	$333
Development expenditures	125
Tenant installation and capital expenditures (excluding free rent granted)	57
Dispositions of rental properties	(330)
Net property investment activities	$185

Non-strategic properties totaling $330 million were disposed of, including nine regional centers and five office properties. Development expenditures primarily reflect the completion of Park Meadows. As previously described, the $333 million of property acquisitions relate to the U.S. office portfolio where

three properties (Allen Center in Houston, Texas, Colony Square in Atlanta, Georgia and 1441 Main Street in Columbia, South Carolina), totaling 4.3 million square feet, were acquired in the fourth quarter of 1996.

Consistent with prior years, TrizecHahn retained Landauer Associates, which has confirmed that the fair market value of the aggregate property portfolio at December 31, 1996 exceeded its carrying value.

Tenant Installation Costs

TrizecHahn's operating properties require periodic investments of capital for tenant installation costs related to new and renewal leasing. The total amount of tenant installation costs is less relevant than a per square foot basis since the former measure is impacted by the square feet of leases expiring in any given period. The amount reported in 1996 was higher on a per square foot basis due in part to the cost of installing a major tenant at Renaissance Tower in Dallas, Texas, to a long-term lease. The Corporation expects that tenant installation costs should continue to decline on a per square foot basis as market conditions in its target markets continue to improve. However, the Corporation expects that the lease-up of vacant space in its recent acquisitions may contribute to higher total tenant installation costs. The following table reflects pro forma tenant installation costs as reported, which include leasing commissions, for both new leases and renewing leases.

Pro Forma Tenant Installation Costs	For the Years ended December 31,		
($ millions, except per square foot amounts)	1996	1995	1994
Office properties			
Square feet leased[1]	3.1	2.3	2.7
Total tenant installation costs, including free rent	$40	$24	$38
Total costs per square foot, including free rent	$13	$11	$14
Retail centers			
Square feet leased[1]	0.6	0.7	0.6
Total tenant installation costs, including free rent	$ 8	$12	$12
Total costs per square foot, including free rent	$14	$18	$19

Note:

(1) Represents TrizecHahn's proportionate share of square feet leased.

Capital Expenditures

As part of its efforts to maintain the quality of its properties and preserve long-term value, TrizecHahn pursues an ongoing program of capital expenditures, certain of which are not recoverable from tenants. These expenditures generally cover such items as safety systems, heating and air-conditioning systems and parking upgrades. The following table sets forth reported pro forma capital expenditures for the office and retail portfolios only, on a total and per square foot owned basis.

Pro Forma Capital Expenditures ($ millions, except per square foot amounts)	For the Years ended December 31, 1996	1995	1994
Office properties			
Total capital expenditures	$8	$6	$18
Per square foot owned	$0.39	$0.32	$0.98
Retail centers			
Total capital expenditures	$5	$4	$10
Per square foot owned	$0.53	$0.38	$0.93

The decline in capital expenditures from 1994 to 1996 reflects the implementation of the Corporation's strategy to focus investment on strategic and higher growth assets and to dispose of assets which faced greater risk of obsolescence. The Corporation believes that capital expenditures for the combined retail and office portfolio will average approximately $0.40 - $0.60 per square foot owned on an annual basis.

Capital Structure and Liquidity

Long-Term Debt

Long-term debt at December 31, 1996 was $2,419 million. As reflected in the pro forma Consolidated Statement of Changes in Cash Flow, the following long-term debt financing activities occurred in 1996.

Long-Term Debt Analysis ($ millions)	
Acquisition financing	$ 205
New financing	124
Development financing	100
Debt repaid on dispositions	(207)
Regular principal repayments	(31)
Debt maturities and paydowns	(309)
Net long-term debt financing activities	$(118)

At December 31, 1996, collateralized rental property loans totaled $2 billion. Of these loans, approximately $475 million is collateralized by properties located in Canada and $1.5 billion is collateralized by properties located in the United States. Of the collateralized debt, $1 billion is collateralized by the office portfolio and $1 billion by the retail portfolio. The remaining $419 million in debt consists primarily of two facilities, the $250 million Senior Notes issue and an $89 million unsecured loan of the Corporation, which was repaid as scheduled subsequent to year-end. Of the total long-term debt, $2 billion or 80% is denominated in U.S. dollars and the balance of approximately $460 million or 20% is denominated in Canadian dollars. Unhedged floating rate debt was 20% of total long-term debt, consistent with TrizecHahn's capital strategy. Based on interest rates in effect on December 31, 1996 and the Corporation's debt level at December 31, 1996, a change in the interest rate of one percent (100 basis points) would have approximately a $7 million annualized impact.

Refinancing

Approximately 17% ($403 million) of the Corporation's long-term debt matures in 1997. In addition, maturities in the subsequent four years amount to $981 million or 41% of total long-term debt, as described in Note 8 to the 1996 Consolidated Financial Statements. These maturities primarily represent first mortgage borrowings. Over this five year period, approximately 46% of the debt maturities relate to office properties, 46% relate to retail, and the balance, 8%, are unsecured loans. TrizecHahn plans to meet these maturing debt obligations through refinancing of its debt with other indebtedness, existing cash and available credit, cash flow from operations, and planned sales of non-strategic assets. The significantly greater financial resources of TrizecHahn compared to the resources of Trizec will mitigate the risk that capital markets (for future debt refinancing) are not favorable, or that TrizecHahn's existing cash and cash flow from operations and asset sales are not adequate to refinance its maturing debt obligations.

At December 31, 1996, TrizecHahn had $404 million in cash and short-term investments and had available $61 million in undrawn committed credit facilities. In addition, in August 1996, the Corporation obtained a three-year, $250 million revolving credit facility from an institutional lender to facilitate property acquisitions and refinancings. At December 31, 1996, $25 million was drawn on this facility. The Corporation is also arranging to increase its uncommitted credit facility, collateralized by Barrick shares, from $150 million to $200 million. These credit facilities provide additional liquidity and financial flexibility to address debt maturities and facilitate financing on a conventional basis.

Financing for real estate during 1996 continued to benefit from improvement in real estate markets, renewed participation by traditional providers of real estate capital (insurance companies and pension funds), lower current interest rates and narrower corporate borrowing spreads. Management believes these factors will favorably impact refinancing terms, execution and pricing. This expectation has been confirmed, for example, on the Corporation's four most recent financing transactions totaling approximately $360 million at interest rates ranging from 6.7% to 7.7% for terms of 5.25 to 10 years. Over the last two years, the Corporation has completed in excess of $1.6 billion of financing, $1.35 billion secured by properties and the $250 million Senior Notes issue.

The Corporation's average cost of debt at December 31, 1996 was 8.5%, excluding Exchangeable Debentures. Excluding the unsecured loans (10.875% Senior Notes due 2005, and 9.75% unsecured loan paid January 2, 1997), the average cost of the Corporation's debt ($2.1 billion) was 8.2%, which is above current market rates. Refinancing debt maturities at current market rates represents a potential opportunity to reduce interest expense.

Barrick Investment and Exchangeable Debentures

At December 31, 1996, the Corporation's investment in Barrick was represented by 58.5 million shares of which 28.2 million shares were unencumbered. At December 31, 1996, the market value of this investment ($1.7 billion) exceeded the book value by approximately $1.1 billion. The value of the unencumbered Barrick investment which the Corporation intends to invest into real estate, was in excess of $800 million at year end.

Further value can be unlocked through the Exchangeable Debenture form of financing which is a cost and tax effective means of using the Barrick investment, while retaining maximum flexibility. The Corporation's obligation relating to any exchange or redemption can be satisfied through delivery of the Barrick shares, the cash equivalent of the market value of the Barrick shares at such time, or any combination thereof. However, satisfaction of the liability with cash would retain the potential benefit of future equity appreciation related to the Barrick shares for the period subsequent to the retirement.

Capital Base

As a consequence of the Merger, TrizecHahn had an equity market capitalization of approximately $3,019 million, based on the share price as at December 31, 1996. This ranks TrizecHahn as the second largest real estate company in North America based on market capitalization. In addition, TrizecHahn has been the most actively traded real estate stock since the announcement of the Merger. This combination of large market capitalization and trading liquidity provide the Corporation with an enhanced ability to access the public capital markets.

Leverage

As a result of its stronger and significantly deleveraged balance sheet, TrizecHahn has a greater borrowing capacity than Trizec had and is in a position to seek more advantageous terms when refinancing maturing debt. The following leverage ratios at December 31, 1996 underline this fact.

Leverage Ratios ($ millions)	Leverage Ratio	Net Debt	Capital
Net debt to total capital:			
- with investment in Barrick at book value	60%	$2,014	$3,383
- with investment in unencumbered Barrick at market value	51%	2,014	3,927
Net debt to market capitalization	40%	2,014	5,033

The leverage ratio is the ratio of long-term debt less cash and short term investments (net debt) to the sum of net debt and shareholders' equity (capital) under different assumptions. The Exchangeable Debentures are excluded from the calculations as it is contemplated that they will be satisfied through the delivery of the underlying Barrick shares.

Risk Management and Outlook

The performance of TrizecHahn's office portfolio is affected by supply and demand for office space. Macro economic conditions such as current and expected growth in the economy, business and consumer confidence and employment levels drive this demand. In 1996 there was little new CBD office development in North America, continued broad-based improvement as reflected in generally lower vacancy rates, positive net absorption and lower costs to install tenants in most major markets in North America. CBD office locations became more attractive to tenants looking to reduce their occupancy costs by relocating from suburban locations where higher rents prevailed. Excess supply in the CBD office markets is gradually being depleted as a result of this positive absorption, technological obsolescence and conversion of existing inventory to other uses. Management expects a continuation of these trends.

Management believes that these trends will benefit TrizecHahn's office portfolio in particular, as it is characterized by minimal lease expiries in 1997, improving rental rates in most markets in which it operates, and the absence of new supply. Lease expirations total just 336,000 and 894,000 square feet in the Canadian and U.S. office portfolios, respectively, both at an average net rent per square foot of approximately $10. Overall the rental rates on these leases expiring in 1997 are expected to be slightly above current market rates, but by less than the $2 differential observed in 1996. In 1996, leases expired at an average rate of $9 net rent per square foot and were generally being rolled over at an average net rent of $7. The resultant decline will be partially offset by contractual steps on existing leases in place which amount to approximately $3 million in 1997. Beyond 1997, scheduled lease expirations, over the next five years in the office portfolio, average approximately 9% annually and never exceed 11% of total occupied office gross leasable area in any one year. In addition the significant vacant space in the office portfolio represents an opportunity to increase cash flow from aggressive leasing, especially in the recently acquired properties.

From a macro economic perspective, the 1997 outlook for the Corporation's retail portfolio continues to be positive. A favorable interest rate environment, continued economic growth and consumer confidence should translate into increased spending at TrizecHahn's shopping centers. Additional factors specific to TrizecHahn's retail centers provide the basis for a positive outlook in 1997.

All of the Corporation's centers are regional or super-regional, which benefit from competitive barriers to entry and which sell merchandise that historically has not lent itself to discount formats. TrizecHahn's retail centers are located in trade areas that have high household disposable income and other demographic characteristics favorable to consumer spending. Seventeen of the centers representing 63% of the gross leasable area are located in California. This geographic focus will have a positive impact on the retail portfolio results as the California economy continues to recover. In addition, TrizecHahn's centers are anchored by several of the strongest U.S. department store chains – Nordstrom, Dillard's, Macy's, Sears, and Robinson's-May – which is critical to attracting consumers. The centers have significant diversity in their tenant base of 3,700 stores, with relatively limited exposure to any one tenant and limited lease rollover exposure over the next several years (9% of the occupied space expires in 1997 and an average of 9% over the next five years).

The Corporation's expiring rents are, on average below current market rents. In 1997, 554,000 square feet of contractual leases will expire in the major market centers at an average rate of $22 per square foot. In 1996, the average uplift in net rental rates achieved upon re-leasing expiring space was approximately $7 per square foot. In 1996, major market sales per square foot averaged $364, while the ratio of tenant occupancy costs to sales averaged approximately 12%. This ratio is at the low end of the

range typical in the industry, indicating some additional capacity to pay more rent before affecting tenant profitability.

To achieve its goal of realizing superior financial performance for its shareholders by retaining a competitive edge and providing sustained cash flow growth, TrizecHahn is implementing a program of select new developments and redevelopments to expand or upgrade existing centers.

Overall Outlook

For TrizecHahn, 1996 was a year of significant progress towards realizing superior financial performance for its shareholders by maximizing the value of its existing North American assets and investing in new growth opportunities. A number of important initiatives were undertaken as part of the Corporation's intention to create a focused, highly-disciplined and performance-oriented real estate operating company. These initiatives should continue to provide TrizecHahn with cash flow improvement in 1997, and longer term benefits. TrizecHahn continued to execute its portfolio realignment strategy, changing the composition of over 25% of the owned square footage in its portfolio in 1996, a feat it accomplished in 1995 as well. The Merger addressed the capital constraints of Trizec, reducing risk in its debt maturity profile, and providing the necessary capital to aggressively pursue its operating and growth strategy. The Merger created access to the equity markets with a highly liquid real estate stock. Operationally, the Corporation achieved double digit improvements in revenue and cash flow. U.S. office acquisitions contributed to these improvements in quantitative terms and in combination with the dispositions made, also improved the quality and sustainability of the cash flow.

Having completed these major strategic and operational accomplishments, TrizecHahn is in a better position to continue to deliver solid financial results in 1997. The Corporation's challenge in 1997 will be to source new investment opportunities offering compelling rates of return, and to continue developing new business opportunities internationally and in real estate related businesses that will contribute to achieving the Corporation's mandate - to build long-term shareholder value through sustained profitable growth.

TrizecHahn
CORPORATION

BCE Place, 181 Bay Street
Suite 3900, Box 800
Toronto, Ontario Canada
M5J 2T3
Tel 416 361 7200
Fax 416 361 7205

April 4, 1997

Dear Shareholder:

On behalf of the Board of Directors, I would like to invite you to TrizecHahn Corporation's Annual and Special Meeting of Shareholders. We will review the Corporation's 1996 operating and financial performance and outline our plans for growth.

TrizecHahn's Annual and Special Meeting will be held at 11:00 a.m. on Thursday, May 8, 1997 in the Royal York Hotel, Ballroom, at 100 Front Street West, Toronto, Ontario.

We have enclosed the Notice of Meeting, the Management Information Circular, the form of proxy and TrizecHahn's 1996 Annual Report. The Management Information Circular describes a number of resolutions that will be voted on at the meeting. Our Directors have determined that these resolutions are in the best interests of the Corporation and recommend that shareholders vote in their favour.

We would appreciate your returning the signed Proxy to ensure that your vote is recorded. We hope that we will have the opportunity to welcome you to this year's annual meeting.

Sincerely,

Peter Munk
Chairman and Chief Executive Officer

Corporation carry one vote per share. Peter Munk, the Chairman and Chief Executive Officer and a director of the Corporation, beneficially owns or exercises control or direction over all of the outstanding Multiple Voting Shares and 1,194,532 Subordinate Voting Shares of the Corporation, representing approximately 74.5% of the votes attached to all outstanding voting shares of the Corporation.

The rights attaching to the Multiple Voting Shares are subject to the limitations contained in the Articles. These include a provision that the Multiple Voting Shares will convert automatically into Subordinate Voting Shares upon Mr. Munk ceasing to be a director of the Corporation, unless the Multiple Voting Shares are then held by a person who, at the time of acquiring the Multiple Voting Shares, made an offer to purchase each of the outstanding Subordinate Voting Shares for consideration identical to that offered for each of the Multiple Voting Shares. The Multiple Voting Shares will also convert automatically into Subordinate Voting Shares if, during the time when Mr. Munk is a director of the Corporation, any Multiple Voting Shares are transferred, except in the case of (i) a transfer to a member of Mr. Munk's immediate family, provided that the transferee is a Canadian, or (ii) a transfer to a purchaser who has offered to purchase each of the outstanding Subordinate Voting Shares for consideration identical to that offered for each of the Multiple Voting Shares. The Multiple Voting Shares are convertible into Subordinate Voting Shares, at the option of the holder, on the basis of one Subordinate Voting Share for each Multiple Voting Share converted.

Trust Agreement

Under a trust agreement (the "Trust Agreement") dated November 1, 1996 between P.M. Capital Inc., a corporation wholly-owned by Mr. Munk which holds all of the issued Multiple Voting Shares, Mr. Munk, the Corporation and The R-M Trust Company, as trustee, P.M. Capital Inc. has agreed not to vote more than 2,832,967 of its Multiple Voting Shares, thereby effectively reducing the number of votes it may cast to approximately 52.7% of the total (including in respect of its Subordinate Voting Shares). P.M. Capital Inc. would be relieved of this covenant if at any time in the future the votes attaching to each Multiple Voting Share were reduced from 50 to 18.83.

In the Trust Agreement, P.M. Capital Inc. also agreed: to vote its Multiple Voting Shares and Subordinate Voting Shares in favour of the resolutions to confirm By-law No. 2 and By-law No. 3 (see "Special Business" below); not to vote its Multiple Voting Shares to repeal such by-laws unless the holders of a majority of the Subordinate Voting Shares vote similarly; to vote in favour of the election of the slate of director-nominees (except Mr. Bock as the transaction with him had not yet occurred) set out hereinafter in this circular; and, so long as the directors of the Corporation serve for staggered terms, not to vote its Multiple Voting Shares so as to remove a director from office during his or her term unless the holders of a majority of the Subordinate Voting Shares vote similarly.

Pursuant to the Trust Agreement, P.M. Capital Inc. has agreed not to sell any Multiple Voting Shares under circumstances in which securities legislation would require the same offer or a follow-up offer to be made to holders of Subordinate Voting Shares if the sale by P.M. Capital Inc. was a sale of Subordinate Voting Shares, unless a concurrent offer, identical in all material respects, is made to each holder of Subordinate Voting Shares to purchase the same percentage of Subordinate Voting Shares as is being offered to be purchased from each holder of Multiple Voting Shares to whom the offer is being made.

Quorum and Record Date

The presence, in person or by proxy, of holders of at least 50% of the total number of issued voting shares is necessary for a quorum at the Meeting. The board of directors of the Corporation (the "Board of Directors") has fixed the close of business on March 31, 1997 as the record date (the "Record Date") for the purpose of determining Shareholders entitled to receive notice of, and to vote at, the Meeting. The failure of any Shareholder to receive notice of the Meeting does not deprive the Shareholder of a vote at the Meeting. A person who has acquired Subordinate Voting Shares after the Record Date is entitled to vote those shares at the Meeting upon producing properly endorsed share certificates, or otherwise establishing share ownership, and requesting the inclusion of his, her or its name in the list of Shareholders not less than ten days before the date of the Meeting.

Principal Holders of Voting Shares

The following table shows each person who, to the knowledge of the Corporation, its directors or officers, beneficially owns, directly or indirectly, or exercises control or direction over, in excess of 10% of any class of voting securities of the Corporation:

Name and Address of Beneficial Owner	Class of Shares	Amount	Percentage of Class
Peter Munk c/o TrizecHahn Corporation BCE Place 181 Bay Street, Suite 3900 Box 800 Toronto, Ontario M5J 2T3	Multiple Voting Shares Subordinate Voting Shares	7,522,283(1) 1,194,532	100% 0.92%
Southeastern Asset Management, Inc. 6075 Poplar Avenue - 900 Memphis, TN 38119-4717	Subordinate Voting Shares	19,088,805(2)	14.7%
Argo Partnership, L.P. 399 Park Avenue 25th Floor New York, NY 10022	Subordinate Voting Shares	16,216,721	12.5%

Notes:

(1) See Note 4 under "Election of Directors".

(2) Based on the Schedule 13G dated January 31, 1997 filed by Southeastern Asset Management, Inc. with the U.S. Securities and Exchange Commission.

ELECTION OF DIRECTORS

The Board of Directors presently consists of 11 directors. It is proposed to nominate the 12 persons listed below for election as directors of the Corporation. If By-law No. 2 is confirmed at the meeting, the proposed nominees would serve until the annual meeting occurring in the year indicated in the table or until their successors are elected or appointed. If By-law No. 2 is not confirmed the proposed nominees would hold office until the annual meeting next following the Meeting or until their successors are elected or appointed. The proposed nominees, except Mr. Bock, are currently directors of the Corporation and have been since the dates indicated. Unless authority to do so is withheld, proxies given pursuant to this solicitation by the management of the Corporation will be voted for the election of such proposed nominees as directors. Although the Board of Directors is not aware of any proposed nominee who would be unable to serve if elected, if any proposed nominee should for any reason be unable to serve as a director of the Corporation, the persons named in the enclosed form of proxy reserve the right to nominate and vote for another nominee in their discretion.

The following table and the notes thereto indicate the name of each person proposed to be nominated by management for election as a director, (the year in which he became a director of the Corporation), all other major positions and offices with the Corporation or any of its significant affiliates currently held by him, his present principal occupation, and the approximate number of shares and warrants of the Corporation beneficially owned by him or over which he exercises control or direction as at the date hereof.

Name, Principal Occupation and Major Positions and Offices with TrizecHahn and Significant Affiliates (and year person became a director)	Municipality of Residence	Year of Expiry of Initial Term following 1997 Annual Meeting	Number and Class of Shares/Warrants[1]		
			Subordinate Voting Shares	Multiple Voting Shares	TrizecHahn Warrants
C. William D. Birchall (1990) Vice Chairman, TrizecHahn	Toronto, Ontario	1998	2,074,354[2]	—	—
Dieter Bock (proposed 1997) Chairman of the Supervisory Board of Advanta Management AG (Germany) (property development company)	London, England	1999	—[3]	—	—
Willard J. L'Heureux (1996) Managing Director, International, TrizecHahn	Toronto, Ontario	1998	—	—	25,000
The Right Honourable Brian Mulroney (1993) Senior Partner, Ogilvy Renault (barristers and solicitors)	Montréal, Québec	1999	500	—	—
Peter Munk (1987) Chairman and Chief Executive Officer, TrizecHahn; Chairman and Chief Executive Officer, Barrick Gold Corporation (gold mining company)	Toronto, Ontario	2000	1,194,532[4]	7,522,283[4]	50,000
Jeremiah W. O'Connor, Jr. (1995) Chairman and Chief Executive Officer, The O'Connor Group (real estate investment firm)	Bronxville, New York	2000	—[5][6]	—	—
Karl Otto Pöhl (1992) Partner, Sal. Oppenheim jr. & Cie. (private bank)	Kronberg, Germany	1998	293,000	—	—
Thomas S. Quinn, III (1996) Managing Director, J.P. Morgan Capital Corporation (investment bank)	New York, New York	1999	—	—	—
Joseph L. Rotman (1988) Chairman and Chief Executive Officer, Clairvest Group Inc. (merchant bank)	Toronto, Ontario	2000	849,800[7]	—	—
Glenn J. Rufrano (1996) President and Chief Operating Officer, The O'Connor Group (real estate investment firm)	Bellmore, New York	2000	—[6]	—	—
Andrew Sarlos (1987) Chairman and Director, Andrew Sarlos & Associates Limited (investment counsellors)	Toronto, Ontario	1999	100,000[8]	—	—
Gregory C. Wilkins (1993) President and Chief Operating Officer, TrizecHahn	Markham, Ontario	1998	30,000	—	—

Notes:

(1) The information as to shares and warrants beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.

(2) Birchall Investment Partnership, a general partnership in which Mr. Birchall is a partner, owns 2,074,354 TrizecHahn Subordinate Voting Shares. Mr. Birchall exercises control or direction over the shares owned by Birchall Investment Partnership.

(3) TrizecHahn has entered into an agreement with Advanta Management AG, a real estate development and management company controlled by Mr. Bock, pursuant to which TrizecHahn agreed to purchase certain real estate development projects in the United Kingdom and Germany from Advanta in return for the assumption of certain development liabilities and construction financings in respect of the projects and the issuance of approximately 5,542,168 Subordinate Voting Shares.

(4) Mr. Munk's holdings include 1,192,532 Subordinate Voting Shares and 7,522,283 Multiple Voting Shares owned through P.M. Capital Inc., and 2,000 Subordinate Voting Shares owned by family members. Mr. Munk's Multiple Voting Shares are convertible into Subordinate Voting Shares, at his option, on the basis of one Subordinate Voting Share for each Multiple Voting Share converted. P.M. Capital Inc. has agreed not to vote more than 2,832,967 of its Multiple Voting Shares. See "Description of Multiple Voting Shares and Subordinate Voting Shares" and "Trust Agreement".

(5) Mr. O'Connor may be regarded as exercising control or direction over the TrizecHahn Subordinate Voting Shares held by Argo Partnership, L.P. ("Argo") as a result of his indirect control of Argo Management Company, L.P., the general partner of Argo.

(6) While neither Mr. O'Connor nor Mr. Rufrano own any Subordinate Voting Shares directly, each has a significant economic interest in Argo and its investments generally, including the 16,216,721 Subordinate Voting Shares owned by Argo.

(7) Mr. Rotman owns 50,000 Subordinate Voting Shares directly. Amaranth Resources Limited, a company controlled by Mr. Rotman, and its wholly-owned subsidiary company own 799,800 Subordinate Voting Shares.

(8) Donbarn Investments Limited, a company controlled by Mr. Sarlos, owns 100,000 Subordinate Voting Shares.

(9) The nominees have been engaged in their principal occupations set out above or in other capacities with their present employer for the past five years except:

- Mr. Birchall was previously Managing Director of Horsham Properties GmbH. He was Chief Financial Officer of Arlington Investments Limited until November 1992.

- Mr. Bock was Chief Executive and Managing Director of Lonrho Plc, London (U.K.) until November 1996 and is a non Executive Director of a number of private companies.

- Mr. L'Heureux was Managing Partner and President of Hees International Bancorp Inc. from 1988 to 1992. He held the position of President and Chief Executive Officer of Trizec Corporation Ltd. until March 6, 1996.

- Mr. Mulroney was Prime Minister of Canada prior to June, 1993.

- Mr. Rotman was President of Roy-L Capital Corporation and its affiliated companies prior to November 1992.

- Mr. Wilkins was Executive Vice President and Chief Financial Officer of Barrick Gold Corporation until September 1993.

The Corporation has adopted corporate governance practices which are appropriate to the activities of a growth-oriented real estate development and operating company. Peter Munk, the Corporation's significant shareholder, is the Chairman and Chief Executive Officer of the Corporation. While he plays a leading role in the strategic management of the business and affairs of the Corporation, an experienced and independent board of directors provides advice and direction.

Composition of the Board of Directors

Since November 1, 1996, the Board of Directors has been comprised of 11 directors. Since that time, the directors have determined that a more appropriate number of directors for the Corporation is 12. The Board believes that its size is appropriate because, given the nature of the Corporation's businesses, it provides the Corporation with the benefit of the experience and judgement of individuals with a variety of skills. The Board is able to operate effectively and efficiently. The remuneration received by members of the Board in their capacity as directors is comparable to the compensation paid by companies of comparable size and the Board is satisfied that this level of compensation is appropriate and sufficient.

The Board has considered the relationship of each of the directors to the Corporation and has determined that a majority of the directors (7 of 11) are unrelated to the Corporation. All of the directors who are considered related (Messrs. Birchall, L'Heureux, Munk and Wilkins) are officers of the Corporation. None of the other directors has any interest or any business or other relationship which could bring that director, in the view of the Board, within the definition of "related director".

Peter Munk controls a majority of the votes for the election of directors attached to the outstanding shares of the Corporation and as such is the Corporation's significant shareholder. The Board has considered the relationship of each of the directors to Peter Munk and has determined that no one could be considered to be related to him. Accordingly, seven of the Corporation's 11 directors are not related to the Corporation's management or its significant shareholder.

Mandate of the Board, its Committees and Management

As the Corporation's significant shareholder, Chairman and Chief Executive Officer, Peter Munk plays a significant role in the operation and strategic direction of the Corporation. Mr. Munk's participation in the affairs of the Corporation has been one of its strengths and, the Board believes, an important factor in the decision of many of the Corporation's shareholders to acquire and hold shares in the Corporation. An experienced and independent board of directors has also made a significant contribution to the Corporation's success and the Board is satisfied that it is not constrained in its access to information, in its deliberations or in its ability to satisfy the mandate established by law to manage or supervise the business and affairs of the Corporation.

The Board monitors the financial performance of the Corporation and considers and, if appropriate, approves all significant strategic decisions, including major decisions relating to material acquisitions, corporate financings and other major initiatives. The Corporation's management participates in determining the strategic direction of its operating companies by developing budget and business plans for presentation to the Board. The Board receives reports on the operations and performance of its operating companies, but the day-to-day management of the business and affairs of those entities is with their respective boards of directors and officers. The Board requires management to keep it apprised of all significant developments affecting the Corporation and its businesses. The Board also requests and receives from management regular reports on the Corporation's compliance with various legal requirements and internal control procedures and expects management to provide it with additional reports if extraordinary situations arise. There were nine meetings of the Board of Directors during 1996.

The Board has established three committees. The Executive Committee was created to facilitate the Corporation's activities from an administrative perspective, but does not act as a substitute for the full Board in the consideration of significant strategic issues facing the Corporation. Members of the Executive Committee are Messrs. Birchall, Munk, O'Connor, Quinn, Rufrano and Wilkins.

The functions of the Audit Committee are to recommend an independent accounting firm to conduct an annual audit of the Corporation and to review with such firm the plan, scope and results of such audit. It is responsible for reviewing and recommending to the Board for approval the Corporation's annual financial statements and also

reviews and monitors the Corporation's system of internal controls. The Committee meets with management and with the Corporation's external auditors independently of management. Members of the Audit Committee are Messrs. Quinn, Rotman and Sarlos.

The Compensation, Nominating and Corporate Governance Committee is responsible for all policies and practices of the Corporation relating to compensation and corporate governance matters. In consultation with Peter Munk, this committee also considers possible candidates for appointment to the Board. In considering nominees to the Board of Directors, the Committee's mandate requires that it consider the current composition of the Board and give due consideration to qualified candidates of either gender having an appropriate variety of skills, backgrounds and life experience. New nominees to the Board are provided by the Corporation's management and by other members of the Board with the necessary information about the Corporation, its business and the factors which affect its performance.

The Committee may consider methods for assessing Board effectiveness if it considers this appropriate, although the Board is currently satisfied with the way in which it functions in fulfilling its mandate. To the extent that any director believes it is appropriate to engage an outside advisor in connection with that person's role as a director, this Committee is authorized to engage special advisors at the Corporation's expense. The members of the Compensation, Nominating and Corporate Governance Committee are Messrs. Birchall, Mulroney and Rufrano.

The composition and mandates of the Audit Committee and the Compensation, Nominating and Corporate Governance Committee ensure that the Board functions independently of management. The Audit Committee is composed entirely of directors unrelated to both the Corporation and the significant shareholder. Two of the three members of the Compensation, Nominating and Corporate Governance Committee (all but Mr. Birchall) are also unrelated to both the Corporation and the significant shareholder.

The Corporation places great emphasis on its communications with shareholders. It makes its senior officers available to shareholders and, through its investor relations department, seeks to provide clear and accessible information to its shareholders.

Submitted by the Compensation, Nominating and Corporate Governance Committee:

C.W.D. Birchall
B. Mulroney
G.J. Rufrano

Note:

An "unrelated director" is defined in the 1995 report issued by The Toronto Stock Exchange Committee on Corporate Governance Report as "a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding."

Composition and Mandate of the Committee

The Compensation, Nominating and Corporate Governance Committee is responsible for determining and administering compensation plans and policies based on individual performance and the performance of the Corporation as a whole. These compensation levels are also determined by comparing them with a peer group. The Committee reports its recommendations on compensation for executive officers to the Board of Directors. With the exception of Mr. Birchall, none of the members of the Committee are officers, former officers or employees of the Corporation or its subsidiaries.

Corporate Philosophy on Compensation

TrizecHahn believes in tying compensation to an individual's performance and that of the Corporation as a whole. Employees who make a substantial contribution to the long term success of the Corporation and its subsidiaries or associated companies participate in that success and growth. Executive compensation is designed to align the interests of management with the interests of shareholders.

Executive officers are generally given base salaries with an additional incentive component tied to performance. These incentives are in the form of annual bonuses and longer term stock options.

In addition to motivating performance, the Corporation's compensation policy also enables it to attract and retain a highly qualified executive group.

Salary, Bonuses and Long-Term Incentive Program

The Corporation's compensation program for executive officers is composed of salary, annual incentive bonuses and stock options. This compensation program is compared with a peer group of public real estate companies to ensure that the program is reasonable in relation to that peer group.

Each officer's performance and related salary level, bonus amount and stock option position is reviewed annually by the President in conjunction with appropriate senior management. The President and Vice Chairman's compensation is reviewed annually by the Chairman and Chief Executive Officer, Peter Munk. These recommendations are presented to the committee for review and approval.

Base salaries of executive officers reflect the individual's contribution to the Corporation, including performance, responsibility and experience.

Annual incentive bonuses for executive officers reflect both the individual's performance during the year and the performance of the Corporation. The nature of TrizecHahn's business currently does not generally lend itself to preestablished targets or payout ranges.

Stock options are granted for the purpose of attracting, retaining and motivating directors, officers and key employees. They provide directors, officers and employees with the incentive to maximize wealth for shareholders by participating in the long term growth of the Corporation. They are determined by each individual's past performance as well as that individual's expected ability to contribute to the Corporation in the future.

The stock option program is administered by the Committee according to the stock option plan (the "Stock Option Plan") approved by Shareholders in 1987 and amended and restated by the Board of Directors in 1995. At the meeting, the Shareholders will be asked to consider and if deemed fit, approve an amendment to the Stock Option Plan to increase the number of options available to be granted under the Stock Option Plan (see "Amendment to Stock Option Plan").

Chief Executive Officer

Peter Munk's compensation is reviewed annually by the Committee. In determining his compensation the Committee considers the Corporation's achievements during the year which should ultimately affect shareholder value. Compensation from affiliated companies is also taken into consideration.

In his role as Chairman and Chief Executive Officer, Mr. Munk provided leadership and strategic direction to senior executives and operating managers of TrizecHahn resulting in a number of significant achievements in 1996, including the following:

- Completion of the successful merger of Trizec Corporation Ltd. and Horsham Corporation
- Opening of Park Meadows, one of the most significant new retail developments in North America in 1996
- Enhancement of the Corporation's real estate portfolio through the disposal of assets generating US$330 million of gross proceeds and the investment of US$330 million in acquisitions thereby dramatically changing the composition of its North American portfolio to improve the economic fundamentals including quality of cash flow
- Completion of US$660 million of new financing
- Opening of offices in Prague, Budapest and Hong Kong as part of launching an international strategy

Through Mr. Munk's guidance of the management team, TrizecHahn embarked upon many strategic initiatives during the year which have resulted in improved financial performance and have positioned the Corporation for future growth.

Submitted by the Compensation, Nominating and Corporate Governance Committee:

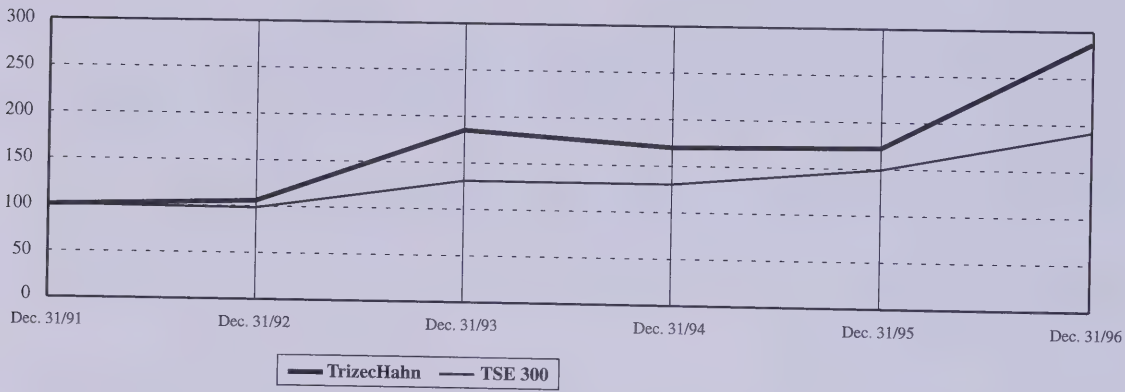
C.W.D. Birchall
B. Mulroney
G.J. Rufrano

PERFORMANCE GRAPH

The following chart compares the total cumulative shareholder return for $100 invested in Subordinate Voting Shares of the Corporation on December 31, 1991 with the total cumulative return of The Toronto Stock Exchange 300 Index for the five most recently completed financial years (assuming reinvestment of dividends). All amounts are in Canadian dollars.

The total cumulative shareholder return for $100 invested in TrizecHahn was $286.67 as compared with $191.71 for the TSE 300 Index.

Comparison of Cumulative Total Return
for the period from December 31, 1991 to December 31, 1996



	Dec. 31/91	*Dec. 31/92*	*Dec. 31/93*	*Dec. 31/94*	*Dec. 31/95*	*Dec. 31/96*
TrizecHahn	100.00	106.00	185.14	169.81	172.38	286.67
TSE 300	100.00	98.57	130.65	130.42	149.37	191.71

EXECUTIVE COMPENSATION

The following table sets forth information concerning the compensation of those persons (the "Named Executive Officers") who were, as at December 31, 1996, the Corporation's Chief Executive Officer and its four other most highly compensated executive officers for services rendered by such persons to the Corporation and its subsidiaries during each of the Corporation's last three financial years. Consistent with the Corporation's disclosure in the Annual Report, all amount in the "Summary Compensation table" are reported in United States dollars.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation: Salary (US $)	Annual Compensation: Bonus (US $)	Annual Compensation: Other Annual Compensation (1)(2) (US $)	Long-Term Compensation: Securities under Options Granted (3) (#)	All Other Compensation (4) (US $)
Peter Munk[5]	1996	513,422	750,000	—	—	—
Chairman and Chief	1995	458,983	473,554	—	—	—
Executive Officer	1994	351,391	366,032	—	—	—
Gregory C. Wilkins[5]	1996	366,730	300,000	—	150,000	—
President and Chief	1995	254,991	189,422	—	100,000	—
Operating Officer	1994	219,619	146,413	—	—	—
Gregory W. Sullivan[5][6]	1996	343,392	250,000	—	232,700	9,901
Executive Vice President and	1995	331,787	130,000	100,150	252,300	10,564
Chief Financial Officer	1994	108,333	148,551	—	—	3,294
Lee H. Wagman[6]	1996	340,000	200,000	10,776	218,000	78,872
Executive Vice President/	1995	254,952	250,000[7]	5,115	232,000	—
President of TrizecHahn Centers Inc.	1994	—	—	—	—	—
Casey R. Wold[6]	1996	325,000	250,000	—	232,500	—
Executive Vice President/	1995	268,846	250,000[7]	—	217,500	—
President of TrizecHahn Office Properties Inc.	1994	—	—	—	—	—

Notes:

(1) Perquisites and other personal benefits for Named Executive Officers do not exceed the lesser of Cdn$50,000 or 10% of total annual salary and bonus.

(2) Other Annual Compensation consists of a one time tax equalization payment for Mr. Sullivan in 1995 and tax reimbursement for certain imputed benefits for Mr. Wagman in 1995 and 1996.

(3) Options granted to Messrs. Sullivan, Wagman and Wold by Trizec Corporation Ltd. have been converted to TrizecHahn options at the rate of .58 TrizecHahn options per Trizec Corporation Ltd. option.

(4) All Other Compensation consists of amounts contributed by the Corporation or its subsidiaries for:

  (i) Registered Retirement Savings Plan contributions for Mr. Sullivan: and

  (ii) Amounts paid by the company for rent and associated costs at the company location because Mr. Wagman maintains his family home in another city.

(5) Messrs. Munk, Wilkins, and Sullivan have been paid in Canadian dollars. The rates of exchange used to convert to U.S. dollars are: 1996 – 1.3634, 1995 – 1.3726 and 1994 – 1.3660.

(6) Messrs. Sullivan, Wagman and Wold became executive officers on November 1, 1996. They were previously executive officers of Trizec Corporation Ltd. having joined that company in September 1994, April 1995 and February 1995, respectively.

(7) Bonus amounts in 1995 include signing bonuses of $150,000 and $100,000 for Messrs. Wagman and Wold, respectively.

Option Grants During Financial Year Ended December 31, 1996

Name	Subordinate Voting Shares under Options Granted	% of Total Options Granted to Employees in 1996	Exercise or Base Price (Cdn$/Security)	Market Value of Securities Underlying Options on the Date of Grant (Cdn$/Security)	Expiration Date
Peter Munk	Nil	—	—	—	—
Gregory C. Wilkins	150,000	4.58%	$28.85	$28.45	10/12/2003
Gregory W. Sullivan	232,700	7.11%	28.85	28.45	10/12/2003
Lee H. Wagman	218,000	6.66%	28.85	28.45	10/12/2003
Casey R. Wold	232,500	7.10%	28.85	28.45	10/12/2003

Aggregated Option Exercises During Financial Year Ended December 31, 1996 and Financial Year-End Option Values

Name	Subordinate Voting Shares Acquired on Exercise	Aggregate Value Realized	Unexercised Options at December 31, 1996		Value of Unexercised in-the-Money Options at December 31, 1996	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Peter Munk	Nil	Nil	1,000,000	—	14,235,000	—
Gregory C. Wilkins	20,000	Nil	455,000	225,000	6,708,500	1,005,000
Gregory W. Sullivan	Nil	Nil	174,967	310,033	2,223,831	1,238,872
Lee H. Wagman	Nil	Nil	77,334	372,666	982,915	2,205,605
Casey R. Wold	Nil	Nil	72,500	377,500	921,475	2,098,700

Employment Contracts

In 1995, the Corporation entered into a "Change of Control" agreement with Mr. Wilkins in order to induce him to remain in the employ of the Corporation and its subsidiaries in the event of a change in control (as defined in the agreements). In such event, the Corporation has agreed, among other things, to continue Mr. Wilkins in its employ and, if his employment is terminated by the Corporation at any time within three years following the change in control (other than for cause, disability, retirement or death) or if Mr. Wilkins terminates his employment for good reason at any time within three years following the change in control, he will be entitled to receive an amount equal to two times his annual salary and bonus as well as the vesting of all his unexercised stock options, which options will remain in effect for the lesser of five years or their remaining term to expiry. The Corporation also has agreements with Messrs. Sullivan and Wold, which provide for the payment of one year's compensation upon termination, and with Mr. Wagman, which provides for two years' compensation upon termination.

COMPENSATION OF DIRECTORS

Non-management members of the Board of Directors receive a fee of US$1,000 for each meeting of the Board of Directors, or any committee thereof, attended by such member as well as an annual fee of US$15,000.

Mr. Birchall, a director of the Corporation, received US$200,000 for advisory services to the Corporation during the year. Mr. Mulroney, a director of the Corporation, is a partner of Ogilvy Renault, Montreal, Quebec. Ogilvy Renault provide legal services to the Corporation. The Corporation paid Mr. Pöhl US$98,144 for advisory services during the year. The Corporation has entered into a consulting agreement with Andrew Sarlos & Associates Limited to provide investment advice for the sum of US$73,346. Mr. Robert Helman was a director of the Corporation until October 31, 1996 and is a partner of Mayer, Brown & Platt, Chicago, Illinois, a firm which provides legal services to the Corporation. Mr. James Tory was a director of the Corporation until October 31, 1996 and is a partner of Tory Tory DesLauriers & Binnington, Toronto, Ontario, a firm which provides legal services to the Corporation.

During 1996, options were granted to three directors to purchase an aggregate of 352,000 Subordinate Voting Shares at market price and with an exercise price of $28.85 for a period of seven years. Messrs. Birchall, L'Heureux and Wilkins were granted 100,000, 102,000 and 150,000 options, respectively. As at March 14, 1997, directors of the Corporation held options to purchase 3,020,000 Subordinate Voting Shares.

As at March 14, 1997, the following directors held options to purchase Subordinate Voting Shares of the Corporation in the amount indicated following their respective names: C. W. D. Birchall, 500,000, W. J. L'Heureux, 450,000, B. Mulroney, 250,000, P. Munk, 1,000,000, J. L. Rotman, 150,000, G. C. Wilkins, 670,000.

Directors' and Officers' Insurance and Indemnification

During 1996, the Corporation purchased insurance for the benefit of directors and officers of the Corporation and its subsidiaries against any liability incurred by them in their capacity as directors and officers. The premium for such insurance amounted to approximately US$497,950. The policy provides coverage to each director and officer of US$50 million in the policy year. If the Corporation becomes liable pursuant to the indemnification of directors and officers from and against any liability and cost in respect to any action or suit against them in respect of execution of their duties of office, the insurance coverage will extend to the Corporation; however, each claim will be subject to a deductible of US$250,000.

Indebtedness in Respect of Securities Purchase

Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During 1996	Amount Outstanding as at March 20, 1997	Financially Assisted Securities Purchases During 1996	Security for Indebtedness
Paul D. Melnuk President and Chief Executive Officer, Clark USA, Inc. ("Clark")	Lender	US$500,000	US$500,000	Nil	33,333 Class A Common Stock of Clark 2,088 Class C Common Stock of Clark

Note: On March 3, 1995, the Corporation made an interest free loan in the amount of US$500,000 to Paul D. Melnuk, a former director, and the President and Chief Executive Officer of Clark, in connection with his purchase of shares of Clark in satisfaction of a condition to the private placement of shares by Clark on February 27, 1995.

Indebtedness Other than for Purchase of Securities

Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During 1996	Amount Outstanding as at March 20, 1997
Andrew Blair Executive Vice President TrizecHahn Centers Inc.	Lender	Cdn$150,000	Nil

Note: Loan made in 1996 by TrizecHahn, with interest charged at prime, for tax liability resulting from Mr. Blair's change of employment.

APPOINTMENT OF AUDITORS

Unless otherwise instructed, the persons named in the enclosed form of proxy intend to vote such proxy in favour of the re-appointment of Coopers & Lybrand as auditors of the Corporation to hold office until the next annual general meeting of Shareholders and authorize the directors to fix their remuneration.

Representatives of Coopers & Lybrand will attend the Meeting and will have the opportunity to make a statement if they desire to do so and will respond to any appropriate questions.

The directors unanimously recommend that the shareholders vote in favour of the appointment of Coopers & Lybrand.

Special Business

At the time of completing the merger with Trizec, the directors of the Corporation adopted a by-law which provides that the board of directors of the Corporation consist of 11 directors, to serve staggered, three year terms. Since that time, the directors have determined that a more appropriate number of directors for the Corporation is 12. Consequently, the directors amended this bylaw to set the number of directors at 12, to serve terms of three years, staggered at the beginning so that all 12 directors shall be elected at the 1997 annual meeting of shareholders, with four to be elected for a term expiring in 2000, four to be elected for a term expiring in 1999 and four to be elected for a term expiring in 1998. The quorum requirement remains at two-fifths of the total number of directors.

At the Meeting, the shareholders will be asked to consider and if deemed advisable to pass, with or without variation, a resolution confirming By-law No. 2, which provides that the number of the directors of the Corporation be set at 12, to serve terms of three years, with four directors to be elected for a term expiring in 2000, four to be elected for a term expiring in 1999 and four to be elected for a term expiring in 1998. The text of the resolution confirming By-law No. 2 is annexed hereto as Schedule A. In the Trust Agreement referred to above under the heading "Trust Agreement", P.M. Capital Inc. has agreed to vote its Multiple Voting Shares and Subordinate Voting Shares to confirm By-law No. 2. **The directors unanimously recommend that the shareholders vote in favour of the resolution confirming By-law No. 2.**

Also in connection with the merger with Trizec, the directors of the Corporation adopted a by-law which provides that no individual who was a director of the Corporation at the effective time of the merger may be removed from any committee of the board of directors on which he or she served at such time, except by unanimous vote of the directors (other than the director in question), cast at a meeting duly called for the purpose of removing committee members. The committees and their memberships were set out in the merger agreement with Trizec and are the following:

Audit Committee	Messrs. Quinn, Sarlos and Rotman
Executive Committee	Messrs. Birchall, Munk, O'Connor, Quinn, Rufrano and Wilkins
Compensation, Nominating and Corporate Governance Committee	Messrs. Birchall, Rufrano and Mulroney

At the Meeting, the shareholders will be asked to consider and if deemed advisable to pass, with or without variation, a resolution confirming By-law No. 3, which provides that no director who was a director of the Corporation immediately following the effective date of the Trizec merger may be removed from any committee of the board of directors on which he or she served at such time except by unanimous vote of the directors (other than the director in question).

The text of the resolution confirming By-law No. 3 is annexed hereto as Schedule B. In the Trust Agreement, P.M. Capital has agreed to vote its Multiple Voting Shares and Subordinate Voting Shares to confirm By-law No. 3. **The directors unanimously recommend that the shareholders vote in favour of the resolution confirming By-law No. 3.**

Amendment to Stock Option Plan

In 1987, the Corporation established a Stock Option Plan (as amended and restated from time to time, the "Plan") for the purpose of attracting, retaining and motivating directors, officers and key employees of the Corporation and its subsidiaries and to advance the interests of the Corporation by providing to those individuals the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

The Plan currently provides for the issuance of options to acquire 11,505,990 Subordinate Voting Shares. This number includes options to acquire 2,027,390 Subordinate Voting Shares that prior to November 1, 1996 represented options to acquire shares of Trizec Corporation Ltd. On that date, pursuant to the Plan of Arrangement of Trizec, the Corporation issued 32,862,690 Subordinate Voting Shares to the shareholders of Trizec, Trizec became a wholly-owned subsidiary of the Corporation and the options then outstanding to acquire Trizec shares became options to acquire Subordinate Voting Shares of the Corporation.

At the date hereof, the number of outstanding Subordinate Voting Shares is 130,125,050 and there are 7,522,283 Multiple Voting Shares outstanding. Pursuant to the Corporation's agreement with Advanta Management AG described above, the Corporation expects to issue approximately 5,542,168 Subordinate Voting Shares in April 1997. As well, on March 21, 1997, the Corporation announced its intention to proceed with an offering to the public of Subordinate Voting Shares, which is expected to be completed in late April. Accordingly, by the date of the Meeting, the Corporation expects to have issued and outstanding more than 150,000,000 equity shares (Multiple Voting Shares and Subordinate Voting Shares combined). At the Meeting, the shareholders will be asked to consider and if deemed advisable to pass, with or without variation, a resolution approving an increase in the maximum number of Subordinate Voting Shares issuable under the Plan from 11,505,990 Subordinate Voting Shares to 15,000,000 Subordinate Voting Shares.

The Revised Policy on Employee Stock Option and Stock Purchase Plan, Options for Service and Related Matters (the "Revised Rules") published by the TSE on March 22, 1994 requires that, in order to become effective, the amendment to the Plan to provide for an increase in the number of shares issuable thereunder must be approved by a majority of the votes cast at the Meeting.

The text of the resolution approving an increase in the number of Subordinate Voting Shares issuable under the Plan is annexed hereto as Schedule C. **The directors unanimously recommend that the shareholders vote in favour of the resolution approving the increase in number of Subordinate Voting Shares issuable under the Plan.**

Amendment to Trust Agreement

The articles of the Corporation provide that the Multiple Voting Shares shall have 50 votes per share and the Subordinate Voting shares shall have one vote per share at all meetings of the shareholders of the Corporation. There are outstanding at the date hereof 7,522,283 Multiple Voting Shares and 130,125,050 Subordinate Voting Shares. All of the Multiple Voting Shares are owned beneficially and of record by P.M. Capital Inc. ("P.M. Capital"), which is in turn controlled by Peter Munk, the chairman and chief executive officer of the Corporation. Thus, Mr. Munk controls approximately 74.5% of the votes attached to all voting shares of the Corporation.

In the context of the Plan of Arrangement of Trizec Corporation Ltd. (which has since changed its name to TrizecHahn Holdings Ltd.) ("Trizec") that became effective November 1, 1996 and pursuant to which all of the holders of common shares of Trizec other than the Corporation exchanged their Trizec shares for Subordinate Voting Shares of the Corporation (the "Trizec Arrangement"), P.M. Capital agreed to vote at any shareholders' meeting of the Corporation only 2,832,967 of its 7,522,283 Multiple Voting Shares. The effect of this limitation was to limit the votes that may be cast in respect of the Multiple Voting Shares to approximately 52.7% of the total votes eligible to be cast at meetings of shareholders of the Corporation.

The agreement of P.M. Capital was included in an amended and restated trust agreement (the "Trust Agreement") dated November 1, 1996 among P.M. Capital, Peter Munk, the Corporation and The R-M Trust Company.

This provision cannot be amended except with the approval of at least two-thirds of the votes cast by the holders of Subordinate Voting Shares present or represented at a meeting duly called for the purpose of considering such amendment.

In the context of the Trizec Arrangement, the Corporation had not contemplated issuing additional Subordinate Voting Shares, other than in the normal course pursuant to employee stock options and the outstanding Class A Warrants of the Corporation, in the foreseeable future. However, the Corporation now plans to issue additional Subordinate Voting Shares pursuant to a public offering for which a preliminary prospectus is expected to be filed on March 24, 1997 and has agreed to issue an additional 5,542,168 Subordinate Voting Shares for the acquisition of real estate assets in Europe. As a result of these share issuances, the voting power represented by the Multiple Voting Shares absent Section 4 of the Trust Agreement would be approximately 72% and after applying section 4 of the Trust Agreement would be approximately 49%.

The proposed amendment would contractually limit the number of Multiple Voting Shares that P.M. Capital would vote to that number of Multiple Voting Shares that entitle P.M. Capital to cast a simple majority of the votes entitled to be cast on any resolution. If the issued share capital of the Corporation reaches 376,000,000 Subordinate Voting Shares outstanding, the Multiple Voting Shares will no longer carry sufficient votes to constitute a simple majority. The balance of the Trust Agreement would remain in full force and effect, unamended.

The directors of the Corporation have unanimously concluded (Peter Munk declaring his interest and refraining from voting) that it would not be in the best interest of the Corporation for P.M. Capital to lose voting control of the Corporation at this time. The directors of the Corporation include three individuals who were directors of Trizec, but not of the Corporation, at the time of the Trizec Arrangement. **The directors unanimously recommend that the shareholders vote in favour of the resolution that would amend the Trust Agreement.**

The text of the resolution of the shareholders relating to the amendment of the Trust Agreement is set out in Schedule D. Under the terms of the Trust Agreement the proposed amendment requires the affirmative vote of two-thirds of the Subordinate Voting Shares voted by holders of Subordinate Voting Shares present in person or represented by proxy at the meeting. The Corporation has been advised by Argo Partnership, L.P., that it currently intends to vote all of its Subordinate Voting Shares in favour of the resolution.

PARTICULARS OF OTHER MATTERS

Management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted upon such matters in accordance with the best judgment of the person voting the proxy.

AVAILABILITY OF DISCLOSURE DOCUMENTS

The Corporation will provide to any person or company, upon request to the Corporate Secretary, a copy of:

1. **its latest annual information form, together with one copy of any document, or pertinent pages of any document, incorporated therein by reference, filed with the Director of the Ontario Securities Commission under the Prompt Offering Qualification System;**
2. **its comparative financial statements filed under the Securities Act (Ontario) for the year ended December 31, 1996, together with the report of its auditors thereon, contained in its annual report; and**
3. **the management information circular for its last annual and special meeting of Shareholders.**

DIRECTORS' APPROVAL

The contents of this Circular and the sending thereof to the shareholders of the Corporation have been approved by the Board of Directors of the Corporation.

Toronto, Canada, March 21, 1997

By Order of the Board of Directors

SARI L. DIAMOND
Vice President and Corporate Secretary

SCHEDULE A

BY-LAW NO. 2

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of Trizec Hahn Corporation (the "Corporation") as follows:

1. Section 3.1 of By-law No. 1 of the Corporation be and the same is hereby deleted in its entirety and the following substituted therefor:

   "3.1 Number and Quorum. The number of directors shall be 12. Two-fifths of the number of directors so determined shall constitute a quorum for the transaction of business at any meeting of directors."

2. Section 3.3 of By-law No. 1 of the Corporation be and the same is hereby deleted in its entirety and the following substituted therefor:

   "3.3 Election and Term of Office. Directors shall be elected at each annual meeting of shareholders of the Corporation and each director shall hold office until the close of the third annual meeting of shareholders following his or her election; provided, however, that the terms of the 12 directors to be elected at the 1997 annual meeting of shareholders shall be staggered so that four directors shall be elected for a term expiring in 2000, four directors shall be elected for a term expiring in 1999 and four directors shall be elected for a term expiring in 1998. If an election of directors is not held at any annual meeting of shareholders, the directors then in office whose terms would otherwise expire at the close of such annual meeting of shareholders shall continue in office until their successors are elected. Retiring directors are eligible for re-election."

ENACTED the 8th day of May, 1997.

WITNESS the corporate seal of the Corporation.

______________________	C.S.	______________________
President		Secretary

SCHEDULE B

BY-LAW NO. 3

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of Trizec Hahn Corporation (the "Corporation") as follows:

By-law No. 1 of the Corporation be and the same is hereby amended by adding the following thereto:

> "4.5 Committee Members. None of the individuals named below may be removed from any committee of the board of directors on which he or she serves at the effective time of the plan of arrangement involving Trizec Corporation Ltd., its shareholders and the Corporation except by unanimous vote of the directors (other than the individual in question) cast at a meeting duly called for the purpose of removing directors from committees. The individuals to whom this section applies are C. William D. Birchall, Willard J. L'Heureux, Brian Mulroney, Peter Munk, Jeremiah W. O'Connor, Jr., Karl Otto Pöhl, Thomas L. Quinn, III, Joseph L. Rotman, Glenn J. Rufrano, Andrew Sarlos and Gregory C. Wilkins."

ENACTED the 8th day of May, 1997.

WITNESS the corporate seal of the Corporation.

President	C.S.	Secretary

SCHEDULE C

APPROVAL OF AMENDMENT TO STOCK OPTION PLAN

BE IT RESOLVED THAT:

1. the Amended and Restated 1987 Stock Option Plan be and the same is hereby amended by deleting the first sentence of section 4.1 thereof and substituting therefor the following sentence:

   > "Options may be granted in respect of authorized and unissued Shares provided that the aggregate number of Shares issued under this Plan, subject to adjustment or increase in such number pursuant to the provisions of Article 8 hereof, together with any shares hereafter issued under any options for services or employee stock option plans shall not exceed 15,000,000."; and

2. any director or officer of the Corporation is hereby authorized and directed, for and in the name of and behalf of the Corporation, to execute all documents and to do all such other acts and things as he may determine to be necessary or advisable to give effect to the foregoing provisions of this resolution.

SCHEDULE D

APPROVAL OF AMENDMENT TO TRUST AGREEMENT

BE IT RESOLVED THAT:

1. The trust agreement dated as of November 1, 1996, among P.M. Capital Inc., Peter Munk, the Corporation and The R-M Trust Company (the "Trust Agreement") be amended to delete therefrom Section 4 which provides:

> "4. On any resolution placed before the shareholders of Trizec Hahn, [P.M. Capital] covenants and agrees not to vote more than 2,832,967 Multiple Voting Shares. This section 4 shall be of no further force or effect and shall become void in the event that, at any time after the date hereof, the articles of amalgamation of Trizec Hahn shall be amended to reduce the number of votes attaching to each outstanding Multiple Voting Share from 50 to 18.83, as to which an opinion of counsel to Trizec Hahn or other counsel acceptable to the Trustee addressed to the Trustee to the effect that such an amendment has become effective shall be conclusive proof."

   and to replace it with the following:

> "4. On any resolution placed before the shareholders of Trizec Hahn, [P.M. Capital] covenants and agrees not to vote more than that number of Multiple Voting Shares carrying votes, in the aggregate, that represent a simple majority of all votes entitled to be cast on the matter by all holders of voting securities of Trizec Hahn in the aggregate."

2. Any officer or director of the Corporation be and he or she is hereby authorized to execute and deliver an amended Trust Agreement and to execute and deliver for and on behalf of the Corporation all such other documents and to do all such other acts and things as he or she may determine to be necessary or advisable to give effect to the foregoing provisions of this resolution.

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Corporate Information

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Executive Vice President

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Executive Vice President and
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Senior Vice President,
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WAYNE FINLEY
Senior Vice President,
Director of Development

WENDY M. GODOY
Senior Vice President,
Finance and Treasurer

DOUGLAS L. HAGEMAN
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General Counsel and
Corporate Secretary

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